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2005-06

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

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अध्यक्ष
C.S. Rao
Chairman

बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

Letter of Transmittal

December 19, 2006

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, 2006 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) 19.12.06

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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 2005-06

CHAIRMAN

C. S. RAO

MEMBERS

P.A.Balasubramanian (upto 31.05.05)
T.K. Banerjee (upto 01.08.05)
Mathew Verghese (upto 31.08.05)
C.R. Muralidharan (since 06.05.05)
K.K. Srinivasan (since 05.09.05)

PART-TIME MEMBERS

Vivek Mehrotra (upto 29.11.05)
Ashok Chawla (since 30.11.05)
Kamlesh S.Vikamsey (upto 04.02.06)
T.N. Manoharan (since 05.02.06)
Gautam Hari Singhania (since 07.10.05)
Vijay Mahajan (since 07.10.05)

DIRECTOR GENERAL (RESEARCH & DEVELOPMENT)

Dr. D.V.S. Sastry

EXECUTIVE DIRECTORS

Prabodh Chander
K Subrahmanyam
V. Vedakumari
P.C. James

CONSULTANTS

M. M. Siddiqui
Kunnel Prem

JOINT DIRECTORS

Suresh Mathur
S. V. Krishna Mohan

DEPUTY DIRECTORS

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

CHIEF ACCOUNTS OFFICER

Jagan Mohan Rao

OFFICERS ON SPECIAL DUTY & EMPLOYEES* ON DEPUTATION

A. Venkateswara Rao
C. Satyavani

H. Ananthakrishnan
N.S.K. Prabhakar
S. Rama Devi
Roopa Ramakrishnan
V. Sai Kumar
Y. Priya Bharat
P.V.Y. Sharma*

SENIOR ASSISTANT DIRECTORS

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

ASSISTANT DIRETORS

B. Padmaja
D. Srinivasa Murthy
G.R. Surya Kumar
Jyoti Bhagat
Kamal Chowla
L.V. S. Sunitha
Manju Arora
Mahesh Agarwal
Mathangi Saritha
Nimisha Srivastava
R. Uma Maheshwari
Sonia Singh

Susan Ittyerah
Shiksha Shaha
Shardul Suresh Admane

ASSISTANTS

A. Rama Sudheer
A. Keshava Rao
B. Someswara Rao
B. Aruna
B. S. Venkatesh
Deep Prakash Joshi
Hari
Lekshmi Pillai
M.L. Soujanya
M.S. Sreeja
N. E. Kanthishree
P. Majumder
R. Sangeetha
Shyam Sunder Mohakud

RECORD CLERKS

Sushpal
Shashi Pal

OVERVIEW

The Indian economy has been growing rapidly and the growth impulses continued during 2005-06. There has been sustained manufacturing activity and impressive performance of the services sector along with a reasonable recovery in the agricultural sector. The agricultural and allied activities registered a growth of 3.9 per cent due to improvement in the agricultural production. The industrial sector increased by 7.6 per cent and the services sector maintained a higher growth of 10.3 per cent. Thus, the growth in real GDP was at 8.4 per cent during 2005-06 as against 7.5 per cent in 2004-05. Within the services sector there has been an improved performance in finance, insurance, real estate and business services. There has been a substantial increase in the GDP emanating from insurance. The opening up of this sector has contributed favourably to insurance growth. GDP from insurance sector which constituted 12 per cent of GDP in 2000-01 increased to 19.3 per cent in 2004-05.

Improvement in the public sector savings and private corporate sector has reflected in the saving rate of the economy. The gross domestic savings as a per cent of GDP increased to 29.1 per cent in 2004-05. Investments in small savings constituted 19.5 per cent of the gross financial savings of the household sector. Savings in the form of life insurance funds accounted for 15.1 per cent, postal insurance 0.3 per cent and state insurance 0.6 per cent. According to preliminary estimates for 2005-06, there has been a shift in the savings behaviour of the households showing preference to deposits. There has also been a decline in the savings in the form of insurance funds though life insurers increased their business during this year.

According to World Economic Outlook it increased from 2 per cent in 2004 to 2.3 per cent in 2005. High international crude oil prices contributed to inflation in the Asian emerging markets. Inflation as measured by changes in the Wholesale Price Index, on a point to point basis, lowered to 4.1 per cent by end March, 2006, though there has been fluctuations in the inflation rate during the year. Monetary actions have contained the inflationary expectations. Inflation on an average basis eased to 4.4 per cent during 2005-06 as against 6.4 per cent in 2004-05. On the other hand, average consumer price index for industrial workers increased from 3.8 per cent in 2004-05 to 4.4 per cent in 2005-06. Increase in consumer price inflation was observed across many countries. The domestic financial markets remained largely comfortable during 2005-06 except during short intervals. Liquidity conditions were comfortable. Though the call money rate moved in small ranges, in the collateralized segments of the money market, the rates edged up during the fourth quarter. The noteworthy development in the money markets was the increased activity in the colletaralized money market. One possible reason is the phasing out policy of non-banking participants in the call money market. Besides an insurance company and few co-operative banks, mutual funds also have emerged as large suppliers of funds in the colletaralized borrowing and lending obligations.

Yields on government securities market firmed up during 2005-06. Due to stable inflationary expectations, yields on long term maturities were lower than the short term maturities. As life insurers have longer term liabilities and seek long term instruments for building up their assets, lower long term yields will affect their positions to some extent. Yields on AAA 5 year rated corporate bonds also increased in 2005-06 along with higher yields in government securities. The yields spread over five year government securities, though stable in the first half of 2005-06, widened by the end March 2006. Corporates have accessed funds from the primary market through public and rights issues. Though the number of issues was higher than the previous year, the amounts mobilized were marginally lower. There has been buoyancy in the Indian stock markets due to strong macro-economic fundamentals, robust corporate results, positive investment climate and sound business outlook. Interest by the foreign institutional investors supplemented by active participation of the Indian mutual funds contributed to higher stock market volumes.

India's balance of payment position remained comfortable during 2005-06 despite pressure posed by high oil prices. Current account deficit widened but as a proportion to GDP it remained modest. There has been further increase in the foreign exchange reserves and external debt as a proportion to GDP declined. There has been a two-way movement in the exchange rate of Indian rupee against the US dollar during 2005-06. However it was largely range bound as the balance of payments showed an overall surplus during 2005-06. India's foreign exchange reserves comprising of foreign currency assets, gold, SDRs and reserve tranche position with the IMF reached US $ 151.6 billion at end March 2006.

The Central Statistical Organization, placed the real GDP growth during the first quarter of 2006-07 at 8.9 per cent as against 8.5 per cent in the corresponding quarter a year ago. The improvement was observed across all sectors of the economy. The overall industrial outlook has also improved and the services sector has sustained its momentum. Assuming the continuity of these improvements in the economy, the Reserve Bank of India has placed the GDP growth at around 8 per cent during 2006-07 as compared with the range of 7.5 per cent to 8 per cent projected at the beginning of the year. Reserve Bank expects that the inflation rate would be in the range of 5.0 to 5.5 per cent. However inflation risks remain though incipient at the current juncture. Aggregate demand has been showing faster growth relative to aggregate supply. This is visible in the external sector. Global output recorded a growth of 4.8 per cent in 2005 lower than that recorded in 2004. The growth decelerated in the advanced economies. The International Monetary Fund projected global GDP to grow by 4.9 per cent in 2006. Growth forecasts for India and China are robust. In 2005 world insurance premiums accounted to US $ 3426 billion. Profitability for the insurance companies improved when compared to 2004.

The improved performance in the economy is also reflected in the insurance industry. The premium underwritten in India and abroad by life insurers in 2005-06 increased by 27.78 per cent which was higher than the growth (24.31 per cent) in 2004-05. In the case of non-life insurers the corresponding growth was 15.61 per cent as against a growth of 11.57 per cent in the previous year. First year premium including single premium accounted for 36.63 per cent of the total life premium. Renewal premium accounted for the remaining. First year premium including single premium recorded a growth of 47.94 per cent driven by a significant jump in the unit-linked business. During the year, four public sector non-life insurers reported a growth of 6.87 per cent in underwriting of premium in and outside India whereas the eight private sector insurers reported a growth of 52.85 per cent. The market share of the private non-life insurers in 2005-06 has increased to 25.13 per cent from 19 per cent attained in the previous year. The number of policies written by the private insurers increased by 73.90 per cent whereas for the public sector insurers it decreased by 1.54 per cent.

The outlook for insurance in 2006 remains favourable. It may be mentioned at this stage that higher inflation observed in the advanced countries and moderate inflation in the developing economies may have an impact on the pricing of the insurance products. The unforeseen calamities are also adversely affecting the profitability of the insurance companies. The need of the hour at this stage is good underwriting practices and deepening and widening of the market.

The Authority has announced its intention of detariffing the general insurance business from January 1, 2007. This decision is a historic one after the opening up of the insurance industry to private participation. To this end, it had laid down a road map for the smooth transition from regulated market to a non-regulated market. The Authority has been holding discussions with various stakeholders, issued detailed guidelines on file and use procedures, stressing the need for transparent underwriting procedures and assigned roles and responsibilities for the insurers on different functions besides impressing the importance and need for maintenance of data base. At the Authority level, it has been increasing the capabilities of overseeing the 'file and use' of products. The Authority faces a challenge in moving towards detariffing as there could be hiccups in the early stages and the Authority has to see that the transition is smooth. Detariffing motor insurance affects the public at large. As the common man does not understand the principles of pricing insurance products, it becomes difficult to convince them if there are any adverse movements in the price. In the long run consumers will be benefited as it is believed that deregulation increases efficiency and lower the prices due to healthy competition. However, ensuring that the benefits reach the consumer is a challenge to the Authority.

Another challenge is in the assigned developmental role to the Authority. The Authority in order to ensure that the poorest of the poor gets the benefit of insurance, after detailed discussions, introduced the Micro-insurance regulations. The Authority has also relaxed some conditions in case of these products. This has been seen by the other regulators in the world as a novel concept and they are keenly watching India's experience. Insurance companies need to introduce products depending on the needs of this section of the population and make them available at an affordable price. As the present level of insurance penetration is low in India, it is expected that when Micro-insurance takes off in a big way as envisaged, the penetration also increases.

Protection of policyholders' interest is an important function of the Authority. The Authority has set up a grievances cell in its office and is pursuing with the insurance companies for expeditious disposal of policyholders' grievances. Grievances of general nature are discussed in the Authority and if need be, clarifications are issued. However, developing the market keeping in mind the policyholders' interest is a complex issue. This is a general issue facing all the insurance regulators across the globe.

Standardization of concepts, policy forms in simple language, moving towards acceptable accounting standards, bringing transparency in the business operations and disclosure of financial statements of the insurance companies are some issues which are engaging the Authority at present. These will help in moving towards adopting good practices and help both the insurers and insured. Further, it reduces asymmetry in information to a large extent. These cannot be achieved in a single day, but the Authority is moving in this direction.

Performance in the first half of 2006-07

(i) Life insurance:

The life insurers underwrote a premium of Rs. 29664.64 crore during the six months in the current financial year as against Rs. 11323.13 crore in the comparable period of last year recording a growth of 161.98 per cent. Of the total premium underwritten, LIC accounted for Rs. 23435.08 crore and the private insurers for Rs. 6229.56 crore. The premium underwritten by the LIC and the new insurers grew by 178.69 per cent and 113.78 per cent respectively, over the corresponding period in the previous year. The number of policies written at the industry level increased by12.63 per cent. As against this increase, the number of policies written by LIC increased by 2.14 per cent whereas in the case of private insurers the increase was 91.92 per cent. Of the total premium underwritten, individual premium accounted for Rs. 25637.42 crore (growth of 160.29 per cent) and the remaining Rs. 4027.22 crore from the group business (growth of 173.27 per cent). In respect of LIC, the growth in individual and group business was 177.86 per cent and 183.71 per cent respectively. In the case of private insurers, the individual and group business increased by 111.94 per cent and

130.44 per cent respectively. The market share of LIC was 79 per cent in premium collection and 80.09 per cent in number of polices underwritten. In the corresponding period of last year these shares were 74.26 per cent and 88.32 per cent respectively. The number of lives covered by life insurers under the group scheme was 87.34 lakh recording a growth of 108.62 per cent over the previous period. Of the total lives covered under the group scheme, LIC accounted for 63.97 lakhs and private insurers 4.03 lakhs. The life insurers covered 38.97 lakh lives in the social sector with a premium of Rs.69.75 crore. In the rural sector the insurers underwrote 21.92 lakhs policies with a premium of Rs. 2271.31 crore.

(ii) Non-Life insurers

Non-life insurers underwrote a premium of Rs. 12377.76 crore during the first half of the current financial year recording a growth of 22.81 per cent over Rs.10079.15 crore underwritten in the same period of last year. The private sector non-life insurers underwrote a premium Rs. 4340.57 crore as against Rs. 2688.50 crore in the corresponding period of the previous year, recording a growth of 61.45 per cent. Public sector non-life insurers underwrote a premium of Rs. 8037.19 crore which was higher by 8.75 per cent (Rs. 7390.65 crore in the first half of 2004-05). The market share of the public insurers, and the private players was 64.93 and 35.07 per cent respectively. ECGC underwrote credit insurance of Rs.293.02 crore as against Rs.274.08 crore in the previous year, a growth of 6.91 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 presented. The premium underwritten by the nine insurers in the Fire, Marine and Miscellaneous segments was Rs.990.17 crore, Rs.291.59 crore and Rs.3060.94 crore recording a growth of 30.24 per cent, 68.65 per cent and 74.38 per cent, respectively over the corresponding period of the previous year. Premium underwritten by the private sector insurers in these segments during April- September, 2005 was Rs.760.27 crore, Rs.172.90 crore and Rs.1755.32 crore respectively. In terms of number of policies, the private insurers issued 2.21 lakh, 1.41 lakh and 53.14 lakh policies in the Fire, Marine and Miscellaneous segments reporting a growth of 32.34, 15.57 and 33.42 per cent respectively. The policies underwritten in the corresponding period of the previous year were 1.67 lakh, 1.22 lakh and 39.83 lakh respectively. The growth in terms of policies underwritten by the private insurers was 32.87 per cent over the six month period in 2005-06.

The Authority has pleasure in presenting its Sixth Annual Report in terms of Section 20 of the IRDA Act, 1999. The Report encapsulates the performance of the Authority during the year 2005-06, and covers *inter alia* 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 1
POLICIES AND PROGRAMMES

A. GENERAL ECONOMIC ENVIRONMENT

The Indian economy continued to record a strong growth during the fiscal year 2005-06, backed by sustained manufacturing activity and impressive performance of the services sector with reasonable recovery in agricultural activity. Real gross domestic product (GDP) increased by 8.4 per cent during 2005-06 on top of a growth of 7.5 per cent in 2004-05. At the sectoral level, agriculture and allied activities registered a growth of 3.9 per cent during 2005-06, recovering from a low of 0.7 per cent in 2004-05. Improvement was observed in both food grains and non-food grains production. There has been a marginal increase in the real GDP growth originating from the industrial sector which increased from 7.4 per cent in 2004-05 to 7.6 per cent in 2005-06, driven by strong manufacturing activity. Sustained expansion in domestic as well as export demand, increased capacity utilisation, augmentation of capacities, positive business and consumer confidence underpinned the growth of the manufacturing sector. The marginal growth in industrial sector activity was also reflected in the movements in index of industrial production (IIP). IIP recorded a growth of 8.1 per cent during 2005-06 marginally lower than that of 8.4 per cent during 2004-05 due to negative growth in the mining sector between July and December 2005 on account of decline in crude oil production.

The infrastructure sector recorded a subdued performance for the second successive year. Growth in infrastructure industries (with a weight of 26.7 per cent in the IIP) decelerated from 5.8 per cent during 2004-05 to 5.3 per cent during 2005-06 mainly on account of decline in production of crude petroleum. Small Scale Industries (SSI) continued to record steady progress during 2005-06. This sector plays a vital role as it contributes almost 40 per cent of the gross industrial value added in the Indian economy. Almost 44 per cent of the total manufactured exports of the country are directly accounted for by the SSI sector.

The services sector recorded a growth of 10.3 per cent during 2005-06 higher than the average growth of 8.6 per cent during the last five years. The sector, a key driver of growth in 2005-06, contributed nearly three-fourths to the overall real GDP growth. The robust performance of the services sector was led mainly by ‘trade, hotels, transport and communication’, which contributed almost one-half of the sector’s growth. There has been an improved performance in ‘finance, insurance, real estate and business services’ which grew by 9.7 per cent in 2005-06. It may be heartening to note that GDP emanating from ‘insurance’ which constituted 12 per cent of total GDP (current prices) in 2000-01, the year in which this sector was opened up for private participation, increased to 19.3 per cent in 2004-05.

Saving and Capital Formation

Gross domestic savings (GDS) as per cent of GDP at current market prices, increased from 28.9 per cent in 2003-04 to 29.1 per cent in 2004-05. Public sector savings improved from 1.0 per cent of GDP in 2003-04 to 2.2 per cent in 2004-05, due to lower dis-saving by government administration and improved savings of non-departmental enterprises. The saving rate of private corporate sector improved from a low of 3.6 per cent in 2001-02 to 4.8 per cent of GDP in 2004-05 reflecting higher retained earnings. Saving rate of the household sector, on the other hand, recorded a decline from 23.5 per cent in 2003-04 to 22.0 in 2004-05. The decline was observed in both financial savings and savings in the form of physical assets.

Currency and deposits constituted 45.5 per cent of the gross financial savings of the household sector in

2004-05. Investments in small savings constituted 19.5 per cent. Insurance funds accounted for 16.0 per cent, of which life insurance funds accounted for 15.1 per cent, postal insurance 0.3 per cent and state insurance 0.6 per cent. Provident and pension funds had a share of 12.9 per cent.

According to preliminary estimates, households have shifted their preference towards deposits in 2005-06. While the share of deposits increased to 47.4 per cent, the share of insurance funds declined to 14.2 per cent. There has been a notable decline of 1.6 percentage points in the savings in the form of life insurance funds. This seems to be disturbing from the industry point of view as there has been a substantial increase in the life insurance business in 2005-06. While the domestic saving rate improved by 0.2 percentage points of GDP during 2004-05, domestic investment registered a much higher increase of 2.9 percentage points of GDP, reflecting an increased resourse to foreign savings. There was a turnaround in foreign savings – net capital inflows amounted to 1.0 per cent of GDP during 2004-05 as against an outflow of 1.6 per cent of GDP during 2003-04.

Price Situation

Inflation as measured by changes in the whole sale price index (WPI) lowered to 4.1 per cent by end march 2006 from 5.1 per cent a year ago. Inflation initially increased to an intra-year high of 6.0 per cent on April 23, 2005. Higher base and revival of monsoon lowered the inflation to 3.3 per cent on August 27, 2005. Inflation again edged up in the third quarter of 2005-06 due to hike in petrol and diesel prices. There after, inflation remained steady and moderated to 4.1 per cent by end March 2006. Monetary actions of Reserve Bank of India by increasing reverse repo rate and cash reserve ratio contained inflationary expectations. Inflation on an average basis eased to 4.4 per cent during 2005-06 as against an average of 6.4 in 2004-05. Average consumer price index for industrial workers also increased from 3.8 per cent in 2004-05 to 4.4 per cent in 2005-06. Domestic inflation and inflation across the globe have a role to play in pricing the insurance products. According to IMF's World Economic Outlook, consumer price inflation in advanced countries increased from 2.0 per cent in 2004 to 2.3 per cent in 2005. In many Asian emerging markets inflation firmed up due to international crude oil prices.

Domestic Financial Markets

Money Market

Money market conditions remained largely comfortable during 2005-06 except during the period mid-December 2005 to end-February 2006. Liquidity conditions were at comfortable levels for most part of the year. Interest rates in the collateralised segments of the money market also edged up during the fourth quarter. In contrast to call money market, rates in the collateralised segment – the market repo (outside the LAF) and the Collateralised Borrowing and Lending Obligation (CBLO) segments – remained below the repo rate. A noteworthy development in the money market activity during the year was the substantial migration of uncollateralised call money segment to the collateralised market repo and CBLO. This migration of activity has been largely the result of the considered policy of phasing out non-bank participants from the call money market by August 2005. The collateralised market has now emerged as the predominant segment in the money market with a share of nearly by 80 per cent of the total turnover. The share of the uncollateralised call market in the total overnight market transactions declined from 51.0 per cent in April 2005 to 26.1 per cent in March 2006. By March 2006, 152 members (79 active members) have been admitted to the CBLO segment by the Clearing Corporation of India Limited. One insurance company and a few cooperative banks have been supplying funds in this segment. Now mutual funds have emerged as the largest suppliers of funds to CBLO.

Foreign Exchange Market

Indian rupee exhibited a two-way movement against the US dollar during 2005-06, moving in a range of Rs.43.30–46.33 per US dollar. The rupee, which was largely range bound during the first quarter of 2005-06 witnessed some appreciation following the revaluation of the Chinese renminbi on July 21, 2005. Impact of oil prices, sharp increases in the current account deficit and strong US dollar put pressure on the rupee from end of August 2005. The exchange rate moved up to Rs.46.33 per US dollar on December 8, 2005. With the revival of FII inflows and weakening of the US dollar in the international markets, the rupee strengthened sharply beginning with the second half of December 2005 notwithstanding the IMD redemptions to the tune of US $ 6.5 billion. The exchange rate was Rs.44.61 per US dollar as on March 31, 2006. At this level, the Indian rupee depreciated by 1.9 per cent over its level on March 31, 2005. With capital flows remaining in excess of the current account deficit, the balance of payments continued to record an overall surplus during 2005-06. As a result, India's foreign exchange reserves – comprising of foreign currency assets, gold, SDRs and the reserve tranche position with the IMF – increased by US $ 10.1 billion during 2005-06 to reach US $ 151.6 billion at end-March 2006.

Government Securities Market

Yields on the government securities market hardened during 2005-06. Increase in yields for longer-term maturities was, however, less than for shorter-term maturities, reflecting relatively stable inflationary expectations. Intra-year movements in yields were influenced by domestic liquidity conditions, inflationary expectations, volatility in crude oil prices and movements in the US yields. On April 30, 2005, yield on 10-year paper firmed up sharply by 70 basis points to 7.35 per cent over end-March 2005 and eased to 6.89 per cent on June 30, 2005 amidst comfortable liquidity position. The markets rallied briefly in July 2005 and yields softened and remained broadly stable between August and December 2005.

Yields, however, edged up in the last week of January 2006 following the increase of 25 basis points in both the reverse repo and the repo rates. The 10-year yield reached 7.41 per cent on January 27, 2006, declined to 7.28 per cent on January 31, 2006 and firmed to 7.52 per cent on March 31, 2006. Spread between 1-year and 10-year yields narrowed to 98 basis points at end-March 2006 (from 114 basis points at end-March 2005). Spread between 10-year and 30-year yields narrowed to 30 basis points (from 54 basis points at end-March 2005), reflecting increased appetite for long-term securities by non-bank participants such as insurance companies and pension funds.

Yields on 5-year AAA-rated corporate bonds increased during 2005-06 in tandem with higher yields on government securities. The yield spread over 5-year government securities – after remaining broadly stable at 30 basis points during April-October 2005- increased to 91 basis points at end-March 2006 from 67 basis points at end-March 2005.

Primary Market

During 2005-06, 139 companies accessed the primary market through public and rights issues (including offers for sale) and mobilised Rs.27,382 crore compared to 60 companies raising Rs.28,256 crore in 2004-05 .While the number of issues in 2005-06 was more than twice of that in 2004-05, the amount mobilised was marginally lower. There were 103 public issues in 2005-06, of which 79 were initial public offerings (IPOs) and 24 were further public offerings (FPOs). Resources mobilised through IPOs during 2005-06 were Rs.10,936 crore. Private sector companies garnered Rs.20,199 crore through 131 issues in 2005-06 compared to Rs.17,162 crore raised through 55 issues in 2004-05, increasing their share from 60.7 per cent in 2004-05 to 73.8 per cent in 2005-06. Banks/financial institutions dominated resources mobilization from the primary market during 2005-06 and raised Rs.12,439 crore through 12 issues and constituted 45.4 per cent of total resources mobilized in 2005-06.

Resources raised by Indian corporates from international capital markets during 2005-06 increased substantially by 238.7 per cent to Rs.11,358 crore. Out of these, Rs.9,779 crore were mobilized in the form of Global Depository Receipts (GDRs), American Depository Receipts of Rs.1,573 crore and Foreign Currency Convertible Bonds of Rs.6 crore.

Secondary Market

The Indian stock markets witnessed unprecedented buoyancy during 2005-06. Strong macro-economic fundamentals, robust corporate results, positive investment climate,sound business outlook and continued foreign institutional investment supplemented by the active participation of the Indian mutual funds drove the bullish trend. Notwithstanding concerns over surge in the international crude oil prices, the benchmark indices surpassed several milestones during 2005-06. Moderate inflation rate, record level of foreign exchange reserves and fiscal consolidation by the Government made the Indian securities market more attractive for the overseas investors.

A bull run except in October 2005 was observed in the Indian securities market with the BSE Sensex crossing the 10000-mark for the first time on February 6, 2006 and 11000-mark on March 27, 2006. During 2005-06, the BSE Sensex gained 73.7 per cent which was the third highest, next to Colombia (IGBC Index 138.4 per cent) and Russia (CRTX Index 121.5 per cent). Reflecting the price appreciation from 54.4 per cent a year ago, market capitalisation to GDP ratio and the traded value to GDP ratio increased to 85.6 per cent and 67.7 per cent respectively in 2005-06. The rally in the capital market was broad based with all the sectors registering significant gains. During 2005-06, turnover of all stock exchanges in the cash segment was Rs.23,90,103 crore compared to Rs.16,66,896 crore in the previous year- a rise of 43.4 per cent. Market capitalization is a major indicator that determines the size of the stock market. A higher market capitalization reflects growing stock market activities. The market capitalization of BSE increased by 77.9 per cent to Rs.30,22,190 crore in 2005-06 from Rs.16,98,428 crore at the end of 2004-05. The liquidity of the capital market can be gauged by the traded value ratio, i.e., value of the shares traded to GDP at current market prices. By the end of 2005-06, this ratio reached an all-timehigh of about 85.6 per cent.

Mid Term Review

The Reserve Bank of India in its Mid-Term Review 2006-07 stated that the Indian economy continued to exhibit strong growth during the first quarter of 2006-07. According to the Central Statistical Organisation (CSO), real gross domestic product (GDP) registered an increase of 8.9 per cent in the first quarter (April-June) of 2006-07 as compared to 8.5 per cent in the corresponding period of 2005-06. Real GDP growth originating from agriculture, industry and services sector was 3.4 per cent, 9.7 per cent and 10.5 per cent respectively.

Growth in Industrial production remained buoyant during the first five months of 2006-07. During April-August 2006, industrial production accelerated to 10.6 per cent from 8.7 per cent in the same period of 2005. Manufacturing sector recorded a growth of 11.8 per cent, and continued to be the main driver of the industrial activity. The infrastructure sector witnessed some improvement during April-August 2006 (growth of 6.7 per cent as compared with 6.1 per cent in the comparable period of the preceding year) on account of better performance of crude petroleum and petroleum refinery products. Services sector with double-digit growth (10.5 per cent in April-June 2006 on top of 10.1 per cent in April-June 2005) remained the leading sector of the Indian economy and accounts for more than 60 per cent of the overall GDP. Buoyancy in manufacturing and services sector activities coupled with recovery in domestic stock markets and positive investment climate suggest that the recent growth momentum in the Indian economy is likely to continue in the remaining period of 2006-07. Strong year on year deposit growth was able to accommodate increased demand for bank credit. Growth in non-food credit has remained above 30 per cent.

In major advanced economies headline inflation remained high till August 2006 against the backdrop of high international crude oil prices. There was some easing in inflation rate during September 2006 due to softening of oil prices. Many central banks continued monetary tightening in the face of strong demand. In India, headline inflation has largely remained contained during 2006-07 so far. Prices of Primary food articles emerged as key driver of inflation during 2006-07 so far. Pre-emptive monetary and fiscal measures have helped in containing inflationary expectations although underlying inflationary pressures exist. Wholesale price inflation was 5.3 per cent on October 14, 2006 as compared with 4.1 per cent at end-March 2006. Consumer price inflation has remained higher than the WPI inflation since November 2005, reflecting the higher order increase in food prices as well as the higher weight of food items in the CPI.

Call money rates remained generally close to the reverse repo rate during the second quarter except in the last fortnight of September 2006. Call rates increased from the second half of September 2006 on account of liquidity pressures emanating from advance tax outflows and festival season currency demand amidst high credit demand. India's balance of payments continued to remain comfortable during 2006-07 so far. Growth in non-oil imports registered a sharp deceleration partly on account of decline in imports of gold and silver. Imports of capital goods increased due to investment demand. Oil imports remained large in view of international crude oil prices. The current account deficit during the first quarter of 2006-07 widened from a year ago, reflecting higher trade deficit. The higher current account deficit was easily financed by capital flows which have remained large during 2006-07 so far.

Financial markets continued to remain stable and orderly in the second quarter of 2006-07 although interest rates have firmed up in almost all segments. Interest rates in the market repo and collateralized borrowing and lending obligations (CBLO) segments of the money market averaged 6.40 per cent and 6.26 per cent ,respectively, in October (up to October 27,2006) as compared with 6.17 per cent and 6.19 per cent in March 2006. The yield on Government securities with one-year residual maturity moved up from 6.20 per cent at end-April, 2006 to 7.02 per cent as on October 27, 2006. The yield on Government securities with 10-year residual maturity also firmed up from 7.39 per cent at end-April, 2006 to 7.62 per cent as on October 27, 2006. The yield spread between 10-year and one-year government securities narrowed down from 119 basis points to 60 basis points as on October 27, 2006.

The rupee came under pressure during July 2006 due to high crude oil prices and geo-political risk in the Middle East region. The rupee, however, appreciated from the last week of July 2006 on the back of FII inflows and easing of oil prices. Resources raised through the public issues segment increased by 51.6 per cent during April-September 2006 over the corresponding period of 2005.Domestic stock markets recorded gains during the second quarter of 2006-07 offsetting almost all the losses suffered.

External Developments

India's balance of payments position remained comfortable during 2005-06, notwithstanding pressures posed by record high oil prices. Balance of payments developments during 2005-06 showed a number of positive features. The current account deficit widened during 2005-06; as a proportion of GDP, the current account deficit, however, remained modest. The overall balance of payments recorded a substantial surplus, leading to a further increase in foreign exchange reserves. External debt (as a proportion of GDP) continued to decline. Annual current receipts and the stock of foreign exchange reserves exceeded the country's stock of external debt.

Global output growth remained robust at 4.8 per cent in 2005, *albeit it* decelerated from the three decade high of 5.3 per cent recorded during 2004. In advanced economies, growth decelerated from 3.3 per cent in 2004 to 2.7 per cent in 2005, due to slowdown in the US and the euro area which was partly offset by the expansion in Japanese economy. Global economic activity exhibited considerable strength despite continued high international crude oil prices. Notwithstanding continuous pre-emptive monetary tightening by major central banks, macroeconomic policies were still largely accommodative. International financial market conditions were largely benign with real long term rates remaining at low levels which supported the growth process.

Private capital flows to emerging market and developing countries strengthened further during 2005, reflecting enhanced growth prospects in these economies. Foreign direct investment flows continued to be the major driver of private capital flows, contributing more than four-fifths to total flows. Net portfolio investments, which had increased sharply during 2004, were sustained at elevated levels during 2005.

International Monetary Fund (IMF) has projected global GDP to grow by 4.9 per cent in 2006. Growth forecasts for the emerging market and developing countries remain robust, led by India and China. World trade in volume terms is projected to grow by 8.0 per cent during 2006, slightly higher than a year ago.

The huge current account deficit of the US is currently being financed by other advanced countries, oil exporting countries of the Middle East and middle income countries of South East Asia. The possibility of an abrupt and disorderly adjustment of the imbalances poses significant risks to the world economy in the form of disorderly exchange rate adjustments and large increase in interest rates. High and volatile oil prices continue to pose a threat to global economy. Recent volatility and re-pricing of risk in the international financial markets also pose downside risks.

During 2005-06, capital flows remained buoyant, mainly led by foreign investment flows reflecting, to a large extent, growing interest in the economy's growth prospects. Both direct and portfolio foreign investment flows increased during 2005-06. Foreign direct investment (FDI) flows into India were 37 per cent higher in 2005-06 and amounted to US $ 7751 million as against US $ 5652 million in the previous year on the back of positive investment climate, improved growth prospects and initiatives aimed at rationalising and liberalising the FDI policy and simplifying the procedures.

An external assistance (net) of US $ 1.5 billion was received during 2005-06 as compared with US $ 2.0 billion a year ago. India continued to extend assistance to other countries, mainly in the form of grants and loans. External assistance provided by India to other countries rose to US $ 489 million in 2005-06 from US $ 247 million in 2000-01. India provides aid mainly in the form of technical cooperation and training, with the grants component dominating external aid with a share of 79 per cent. The major beneficiaries of the assistance during 2005-06 were Bhutan, Nepal, Bangladesh and some African countries.

During 2006-07 so far, capital flows, except FII flows, have remained large. FDI inflows increased from US $ 922 million during April-May 2005 to US $ 1,199 million during April-May 2006 while amounts raised under ADRs/GDRs increased from US $ 360 million to US $ 1,007 million. NRI deposits recorded net inflows of US $ 816 million during April-May 2006 as against net outflows of US $ 118 million over the same period of 2005. In contrast, FII flows recorded net outflows of US $ 1,787 million during April-June 2006 as against net inflows of US $ 544 million a year ago.

B. APPRAISAL OF INSURANCE MARKET

The contours of insurance business have been changing across the globe and the rippling effects of the same can be observed in the domestic markets also. Insurers are increasingly introducing innovative products to meet the specific needs of the prospective policyholders. An evolving insurance sector is of vital importance for economic growth. While encouraging savings habit it also provides a safety net to both enterprises and individuals. The insurance industry also provides crucial financial intermediary services, transferring funds from the insured to capital investment, critical for continued economic expansion and growth, simultaneously generating long-term funds for infrastructure development. In fact infrastructure investments are ideal for asset-liability matching for life insurance companies given their long term liability profile. According to preliminary estimates published by the Reserve Bank of India, contribution of insurance funds to financial savings was 14.2 per cent in 2005-06, viz., 2.4 per cent of the GDP at current market prices. Development of the insurance sector is thus necessary to support continued economic transformation. Social security and pension reforms too benefit from a mature insurance industry. The insurance sector in India, which was opened up to private participation in the year 1999, has completed six years in a liberalized environment. With an average annual growth of 37 per cent in the first year premium in the life segment and 15.72 per cent growth in the non-life segment, together with the largest number of life insurance policies in force, the potential of the Indian insurance industry is still large.

Life insurance penetration in India was less than 1 per cent till 1990-91. During the 1990s, it was between 1 and 2 per cent and from 2001 it was over 2 per cent. In 2005 it had increased to 2.53 per cent. The impetus for growth has come from both the public and private insurers. In the public sector, the re-alignment has been pronounced in respect of Life Insurance Corporation which has succeeded in reversing the initial decline in the first year premium underwritten, and has reported a healthy growth for two consecutive years. As against this, the non-life public sector insurers have been rather slow to respond to the evolving competition. Both the Authority and the industry have been playing an active role in increasing consumer awareness. In addition, the insurance companies in general and private insurance companies in particular, are reaching out to untapped semi-urban and rural areas through advertisement campaigns and by offering products suitable to meet the specific needs of the people in these segments.

The penetration ratios 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. Since opening up of the insurance sector in 1999, 23 private companies have been granted licenses and foreign investment of Rs.1688.67 crore have been made into the Indian market.

Innovative products, imaginative marketing, and aggressive distribution have enabled fledgling private insurance companies to sign up Indian customers faster than anyone expected. While at the time of opening up of the sector, life insurance was viewed as a tax saving device, policyholders' perspective is slowly changing and they are taking insurance cover irrespective of tax incentives. The insurable populace is looking for avenues which are offering products which suit their specific requirements, and plenty of choices are available in the market today.

With the registration of Shriram Life Insurance Company Ltd., promoted jointly with Sanlam the number of companies operating in the life insurance industry has increased to fifteen. The new entrant commenced underwriting life premium in February, 2006. During the two months of operations, the company issued 20,237 policies with total premium of Rs.10.32 crore.

TABLE 1

KEY MARKET INDICATORS

Life and non-life market in India	Rs. 127213.73 Crore
Global insurance market (as on 31st December, 2005)	US $ 3425.71 billion Nominal growth: 4.9 per cent Inflation adjusted: 2.5 per cent
Growth in premium underwritten in India and abroad in 2005-06	Life: 27.78 per cent Non-life: 15.61 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

By end March 2006, there were fifteen life and fifteen non-life insurance companies. Bharti Axa Life insurance company was granted Certificate of Registration in July, 2006 and commenced its operations during the current financial year 2006-07. The total number life insurers as of now becomes sixteen. Of the non-life insurance companies, two are specialized Insurance companies viz. Agricultural Insurance Company, which handles Crop Insurance business and Export Credit Guarantee Corporation which transacts export credit insurance.

TABLE 2

NUMBER OF REGISTERED INSURERS IN INDIA

Type of business	Public Sector	Private Sector	Total
Life Insurance	1	15*	16
General Insurance	6	9	15
Re-insurance	1	0	01
Total	**8**	**24**	**32**

* One has commenced operations in 2006-07

i) World Insurance Scenario

In 2005, worldwide insurance premiums amounted to USD 3426 bn. Of this, USD 1974 bn accounted for life and USD 1452bn to non-life insurance. In real terms, total premium volume grew by 2.5 per cent. While life premiums increased by 3.9 per cent, non-life premiums increased by 0.6 per cent. Profitability in life insurance improved when compared to 2004. Non-life business remained profitable despite huge hurricane losses in the US. High economic growth, moderate inflation, low interest rates and favourable stock markets in Europe, Japan and in the emerging markets contributed to growth in the insurance industry.

In a number of countries, life business grew faster than overall economic activity in 2005 excepting in the US, where higher short-term interest rates had made life products less attractive. The strong growth observed is in line with the overall trend of increasing importance of life insurance. There is higher demand for old age provisions because of increasing number of retirees in the total population and governments are shifting away from public old age provisions to private schemes. Changes in tax laws of life products plays an important role in this context. Profitability of life business has continued to improve in many countries due to lower costs.

In the last year, non-life business growth slowed down due to decline in premium rates in commercial lines such as aviation and marine, which had experienced sharp increases in rates between 2001 and 2004. Premiums in emerging markets like India continued to outgrow than mature insurance markets. Profitability in non-life business remained sound with favourable underwriting experience. Despite the huge catastrophe losses, capital in the industry continued to rise in line with higher exposure. This development was supported by new capital flowing into the markets.

The outlook for 2006 remains favourable. Growth may even speed up in life insurance. Non-life insurance will most probably continue to show low growth. Important exceptions are certain lines of businesses affected by big hurricane losses, where premium rates and premium volumes are expected to rise substantially. Profitability will remain robust, with life insurance making further progress. Non-life insurance companies are also expected to maintain the trends of the year 2005.

ii) Indian Insurance Industry

With a large population and untapped market, insurance happens to be a big opportunity in India. The insurance business (measured in the context of first year premium) grew at 47.93 per cent in 2005-06, surpassing the growth of 32.49 per cent achieved in 2004-05. However, insurance penetration in the country continues to be low. Insurance penetration or premium volume as a share of a country's GDP, for the year 2005 stood at 2.53 per cent for life insurance and 0.62 per cent for non-life insurance. The level of penetration tends to rise as income increases, particularly in life insurance. India, with its huge middle class households, has exhibited potential for the insurance industry. Saturation of markets in many developed economies has made the Indian market even more attractive for global insurance majors. The insurance market has witnessed dynamic changes which includes presence of a fair number of insurers in both life and non-life segment.

Most of the private insurance companies are joint ventures with recognized foreign players across the globe. 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.

Life Insurance

Life insurance industry recorded a premium income of Rs.105875.76 crore during 2005-06 as against Rs.82854.80 crore in the previous financial year, recording a growth of 27.78 per cent. The contribution of first year premium, single premium and renewal premium to the total premium was Rs.21275.75 crore (20.09 per cent); Rs.17509.78 crore (16.54 per cent); and Rs.67090.21 crore (63.37 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. (Statement 45) Though it went up marginally in 2003-04 to Rs.5936.50 crore (4.62 per cent growth) the year 2004-05 witnessed a significant shift with the single premium income rising to Rs.10336.30 crore showing 74.11 per cent growth over 2003-04, accounting for 12.74 per cent of the total premium underwritten in that year.

TABLE 3

PREMIUM UNDERWRITTEN BY LIFE INSURERS

(Rs.Lakh)

Insurer	2004-05	2005-06
	First year premium	
LIC	1165823.94	1372803.17
	(-1.25)	(17.75)
Private Sector	422309.25	754772.99
	(106.46)	(78.73)
Total	1588133.19	2127576.16
	(14.65)	(33.97)
	Single premium	
LIC	899482.42	1478784.14
	(62.32)	(64.40)
Private Sector	134148.09	272193.91
	(239.46)	(102.91)
Total	1033630.51	1750978.05
	(74.11)	(69.40)
	Renewal premium	
LIC	5447422.62	6227635.05
	(17.95)	(14.32)
Private Sector	216293.48	481386.89
	(218.26)	(122.56)
Total	5663716.10	6709021.94
	(20.85)	(18.46)
	Total premium	
LIC	7512728.98	9079222.36
	(18.25)	(20.85)
Private Sector	772750.82	1508353.79
	(147.65)	(95.19)
Total	**8285479.80**	**10587576.15**
	(24.31)	**(27.78)**

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

Life insurance industry underwrote first year premium (inclusive of single premium) of Rs.38785.54 in 2005-06 as against Rs.26217.64 crore in 2004-05 recording a growth of 47.94 per cent as against 32.49 per cent in 2004-05. (Statement 44) The growth in first year premium was fuelled by sales of unit linked products for the second consecutive year. In a reversal from the experience of the previous year, LIC reported a growth of 47.89 per cent in the number of policies underwritten as against a decline of 11 per cent in the previous year; the reversal has been witnessed on the strength of the increase in the unit linked business. The single premium individual policies and non-single premium policies written by LIC reported growth of over 35 and 31 per cent, respectively. As against this, the number of new policies underwritten by the 14 private sector insurers grew by 73.37 per cent as against 34.62 per cent in 2004-05 (Table 5). While the number of single premium individual policies underwritten by the private insurance companies grew by 103 per cent, the non-single premium individual policies grew by 64 per cent.

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 (20.85 per cent) and to the new insurers (95.19 per cent) in 2005-06. (Statement 45). The higher growth for the new insurers needs to be viewed in the context of a lower base in 2004-05. However, the new insurers have improved their market share from 9.33 per cent in 2004-05 to 14.25 per cent in 2005-06. (Table 4)

TABLE 4
MARKET SHARE OF LIFE INSURERS

(Per cent)

Insurer	2004-05	2005-06
	First year premium	
LIC	73.41	64.52
Private Sector	26.59	35.48
Total	100.00	100.00
	Single premium	
LIC	87.02	84.45
Private Sector	12.98	15.55
Total	100.00	100.00
	Renewal premium	
LIC	96.18	92.82
Private Sector	3.82	7.18
Total	100.00	100.00
	Total premium	
LIC	90.67	85.75
Private Sector	9.33	14.25
Total	**100.00**	**100.00**

Segregation of the first year premium underwritten during 2005-06 indicates that Life, Annuity, Pension and Health contributed 73.57; 4.30; 22.10 and 0.02 per cent to the premium underwritten, as against 77.27; 6.7; 15.55 and 0.47 per cent respectively in the previous year. The shift in favour of pension products is visible for the second consecutive year.

New policies underwritten by the industry were 354.62 lakh as against 262.11 lakh during 2004-05 showing an increase of 35.29 per cent as against a decline of 8.44 per cent in the year before. While the private insurers exhibited a growth of 73.37 per cent, (more than twice the growth reported in the previous year 34.62 per cent), LIC showed a growth of 31.75 per cent as against a negative growth of 11.09 per cent in 2004-05. The market share of the private insurers and LIC, in terms of policies underwritten, was 10.92 per cent and 89.08 per cent as against 8.52 per cent and 91.48 per cent respectively in 2004-05. (Table 5)

TABLE 5

NEW POLICIES ISSUED:LIFE INSURERS

Insurer	2004-05	2005-06
Private Sector	2233075 (34.62)	3871410 (73.37)
LIC	23978123 (-11.09)	31590707 (31.75)
Total	**26211198**	**35462117**

Note: Figures in brackets indicate the growth rate (in per cent) of the respective insurer.

Increase in the renewal premium is a good measure of the quality of the business underwritten by the insurers. It reflects increase in their persistency ratio and enables insurers to bring down overall cost of doing business. The renewal premium underwritten by the life insurance industry, during 2005-06 recorded a growth of 18.46 per cent as against 20.85 per cent in 2004-05. The private insurers and LIC reported growths of 122.56 per cent and 14.32 per cent respectively during the year. (Table 3)

Segregation of the first year premium reflects a definite consolidation towards linked products with premium underwritten at Rs.16060.67 crore in 2005-06 as against Rs.8247.74 crore in 2004-05, i.e., a growth of 95 per cent. The non-linked premium was Rs.19804.33 crore as against Rs.17069.37 crore in 2004-05, i.e., a growth of 16 per cent. The linked and non linked business accounted for 44.78 and 55.22 per cent as against 32.54 and 67.46 per cent respectively in the year 2004-05. In 2003-04, non linked business had accounted for 91.53 of the first year premium underwritten. The shift in preference for linked products has coincided with the continued positive performance in the stock market. LIC too showed a tactical shift towards promoting linked products, with 29.76 per cent of the first year premium derived from this segment in 2005-06. Non-linked and linked premium underwritten by LIC in 2004-05 was 78.31 per cent and 21.69 per cent as against 97.71 per cent and 2.29 per cent in 2003-04. In the case of private insurers the proportion was 17.52 and 82.48 per cent in 2005-06, as against 28.72 and 71.28 per cent in 2004-05. In 2003-04, non-linked and linked first year premium stood at 50.18 per cent and 49.82 per cent respectively. The customers' response to the unit linked products in the last two years clearly reflects their preference for such products. LIC's decision to drive its premium growth on the strength of unit linked products, in line with the rest of the industry clearly reflects its appreciation of the customers' choice.

Innovations in the products

Growth in insurance industry has been spurred by product innovation, sales and distribution channels being put in place by the industry coupled with targeted advertising and marketing campaigns launched by them. Innovations have come not only in the form of benefits attached to the products, but also in delivery mechanisms which have emanated from various marketing tie-ups both within the realm of financial services and outside. All these have taken life insurance closer to the customer as well as making it more relevant. The insurance companies are increasingly tapping the semi-urban and rural areas to take across the message of protection of life through insurance cover.

Introduction of unit-linked insurance plans (ULIPs) has been, possibly, the single-largest innovation in the field of life insurance. The design of the product addresses and overcomes several concerns that customers have had in the past like liquidity, flexibility and transparency. ULIPs are differently structured products and give choices to the policyholder. With the ULIP guidelines in place, there has been an enhanced up front transparency on the charges and associated risks. Fund-wise Net Asset Values (NAVs) and portfolio allocations are disclosed on a regular basis.

One of the most significant outcomes of the enhanced competition has been the reduction in the rates for pure protection plans. Over 6 years, the rates have been regularly revised downwards, and are significantly lower than those prevailing prior to opening up of the sector. The life insurance market has become competitive to benefit the policyholders. Simultaneously, industry has been constantly evolving and improving upon its underwriting and risk management abilities. The reduction of term rates facilitated increasing level of sum assured for policies. This higher level of protection is also an evidence that customers are more conscious of the need for risk mitigation and greater security particularly for their homes and child's future. However, given the level of sum assured in the developed countries and other emerging economies, there is a tremendous scope to tap the need for additional cover even amongst the insured population.

Life insurance companies have also been quick to recognize the huge need for structured retirement plans and have leveraged their abilities for long-term fund management towards building this segment. Pension is recognized as one of the greatest needs and growth opportunities in the country, and forms a significant part of portfolio of life insurers. More recently, private life insurers have leveraged their expertise in long-term mortality and morbidity to introduce annuities.

This year has seen the launch of India's first insurance cover specifically for cancer as well as the most recent, globally acknowledged Diabetes Care, critical illness product that covers the pre-existing condition of diabetes which affects one out of every 8 Indians. A special mention for the product is noteworthy, because of its unique approach of marrying financial protection with a preventive risk management approach.

The growth in the group insurance business post liberalization has also been impressive. The superannuation and gratuity business has grown on the strength of professional fund-management and a host of value-added services. Given the scope for growth and innovation, the life insurance sector has tremendous scope for growth, and the industry is expected to maintain the momentum of new premium underwritten over the last two years. There is, however, a need to sound the policyholders while opting for the ULIPs that they must be fully aware of the investment decisions taken and the investment risks are fully borne by them.

Expenses of the life insurers

Section 40 B of the Insurance Act provides that no insurer shall in respect of life insurance business transacted 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 22.52 per cent (24.06 per cent in 2004-05), LIC incurred an expense of 25.26 per cent (26.37 per cent in 2004-05) towards commission on first year premium; for the private insurers it worked out to 17.54 (17.69 per cent in 2004-05). The commissions paid by LIC towards the single premium were 1.10 per cent as against the average of the private insurers at 1.07 per cent. The industry average was 1.09 per cent. There was a decline in the commissions paid by 1.54 per cent. In the case of some private insurers there was an increase in the level of commissions paid, where as commissions paid by LIC declined by 1.11 per cent. The average commission paid on renewal premium by the new insurers averaged 3.96 per cent as against LIC's 5.57 per cent. The total pay-out by the life insurance industry on account of commissions in 2005-06 stood at Rs.8643.29 crore as against Rs.7104.46 crore in 2004-05. (Table 6)

TABLE 6

COMMISSION EXPENCES OF LIFE INSURERS

(Rs.Lakh)

Insurer	2004-05	2005-06
	First year	
LIC	307456.78	346825.35
Private Sector	74722.57	132356.84
Total	382179.35	479182.19
	Single premium	
LIC	8304.22	16208.52
Private Sector	1314.42	2903.38
Total	9618.64	19111.90
	Renewal	
LIC	309212.67	346985.22
Private Sector	9435.64	19050.49
Total	318648.31	366035.71
	Total Commission	
LIC	624973.67	710019.09
Private Sector	85472.63	154310.71
Total	**710446.30**	**864329.80**

Note: First Year 2004-05 Numbers have been revised by LIC due to linked /non-linked business.

Management expenses of private insurers continue to exhibit a mixed trend during 2005-06, with some insurers exceeding the limits prescribed by the Act. Of the fourteen private insurers nine insurers were within the stipulated limits. In the case of Metlife, there was a decline from 207.45 per cent in the previous year to 143.95 per cent in this year. in ING Vysya, having contained its expenses within limits in the previous year at 66.36 per cent, slightly breached the limits at 104.44 per cent in 2005-06. In case of Reliance Life, the allowable expense limits declined to 168 per cent as against 297 per cent in 2004-05. It was the second year of operations for Sahara Life, while Shriram Life had commenced operations in 2005-06, both the insurers exceeded their limits on management expenses.

Management expenses of LIC, continued to be within the allowable limits. Alternate channels of distribution like bancassurance, direct marketing, internet and telemarketing reduce costs and enable insurers besides reaching a wider customer base. While agency force remained 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 of gross premium underwritten, for the private insurers worked out to 23.72 per cent (28.85 per cent in 2004-05).

TABLE 7

OPERATING EXPENSES OF LIFE INSURERS

(Rs.Lakh)

INSURER	2004-05	2005-06
LIC	624126.11	604155.42
PRIVATE SECTOR	222946.80	356813.97
TOTAL	**847072.91**	**960969.39**

Major expense head for the private insurers was employee expenses at 37.45 per cent (34.79 per cent in 2004-05); training expenses (including agents' training and seminars) at 6 per cent (6.96 per cent in 2004-05); advertisement and publicity at 10.51 per cent (11.31 in 2004-05); and depreciation expenses 5.13 per cent (6.15 in 2004-05). In the case of LIC, the operating expenses constituted 6.65 per cent of the gross premium underwritten as against 8.31 per cent in 2004-05. Employee remuneration and welfare benefits accounted for 59.57 per cent of the operating expenses of LIC in 2005-06 as against 72.33 per cent in the previous year. Compared to LIC, the private sector insurers have leaner organizational structures. Thus, despite competitive salary structures, their employee expenses comprised 35 per cent of the total operating costs.

TABLE 8

PAID UP CAPITAL:LIFE INSURERS

(Rs.Crore)

Insurer	2004-05	2005-06
LIC	5.00	5.00
Private Sector	4347.81	5885.95
Total	**4352.81**	**5890.95**

Benefits Paid

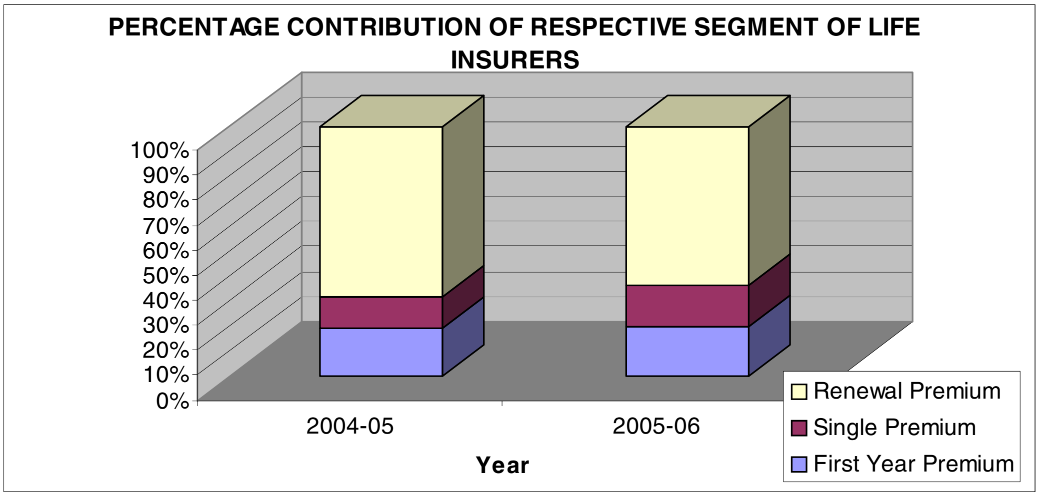
The life industry paid gross benefits of Rs.35264.40 crore in 2005-06 (Rs.28700.57 crore in 2004-05) constituting 33 per cent of the gross premium underwritten (34.64 per cent in 2004-05). The benefits paid by the private insurers showed an increase of 434 per cent at Rs.1307.61 crore (Rs.244.85 crore in 2004-05), constituting 9 per cent of the premium underwritten by them (2.96 per cent in 2004-05). LIC paid benefits of Rs.33956.79 crore in 2005-06, comprising 37 per cent of the premium underwritten by them (Rs.28440.45 crore in 2004-05, 38 per cent of the total premium underwritten). Given that life insurers traditionally do not reinsure a significant component of their business, the benefits paid by them net of reinsurance were Rs.35317.98 crore (Rs.28668.97 crore in 2004-05). It may be mentioned that a larger proportion of group business is re-insured. In addition, given the fact that a major segment of the new business underwritten by the life industry is unit linked, the investment risks are borne by the policyholders.

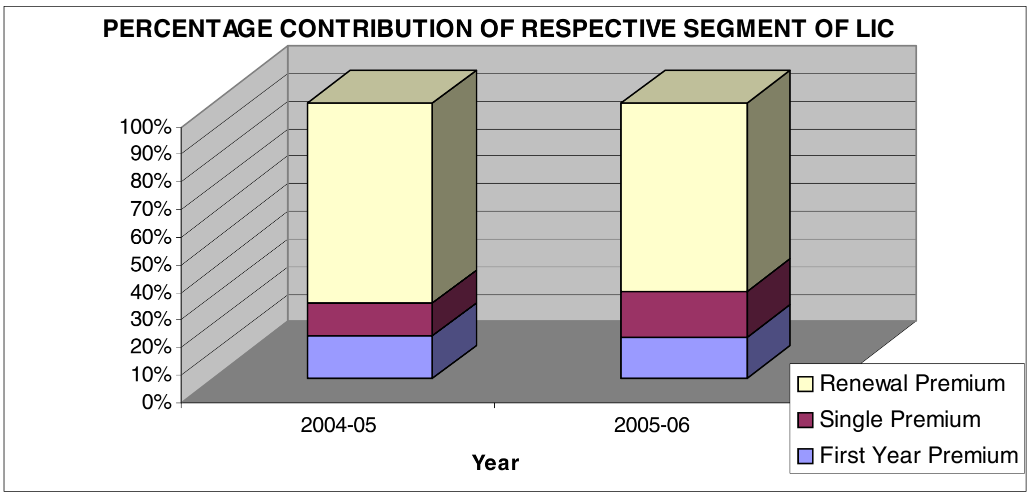
Retention Ratio

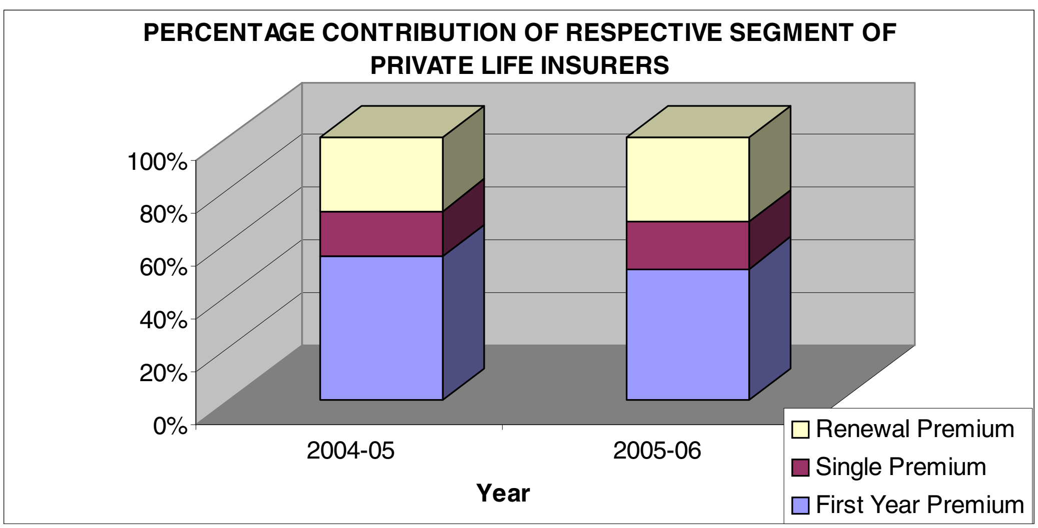
LIC traditionally re-insures only a small component of its business, and during the financial year 2005-06, Rs.34.54 crore was ceded as re-insurance premium (Rs.42.95 crore crore in 2004-05). Similarly, in the case of private insurers, only a small component of the business was reinsured, with group business forming the major component. The private insurers ceded Rs.101.71 crore (Rs.64.79 crore in 2004-05) as premium towards reinsurance. 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 2005-06 was towards unit linked products. However, with the new unit linked guidelines coming in force with effect from 1st July, 2006, stipulating a minimum sum assured in respect of unit linked products, the re-insurance parameters may also undergo some change. (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. Due to significant jump in the premium underwritten by LIC in 2005-06, the share of Investment income (inclusive of capital gains) in the total income declined to 30 per cent as against 32.31 in 2004-05. As against this, share of investment income for the new life insurers was 15.25 per cent in 2005-06, as against 6.05 per cent in the previous year. In the case of LIC, contribution of investment income to total income has been around 30 per cent in the last three years. In respect of private insurers, this proportion has been steadily declining upto the year 2004-05. However, there was a reversal in 2005-06 with the investment income more than doubling at 15.25 per cent (although there were a few aberrations in the instances where a few companies reported a decline in the yields on investments portfolio).


PERCENTAGE CONTRIBUTION OF RESPECTIVE SEGMENT OF LIFE INSURERS
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
2004-05
2005-06
Year
Renewal Premium
Single Premium
First Year Premium


PERCENTAGE CONTRIBUTION OF RESPECTIVE SEGMENT OF LIC
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
2004-05
2005-06
Year
Renewal Premium
Single Premium
First Year Premium


PERCENTAGE CONTRIBUTION OF RESPECTIVE SEGMENT OF PRIVATE LIFE INSURERS
100%
80%
60%
40%
20%
0%
2004-05
2005-06
Year
Renewal Premium
Single Premium
First Year Premium

This can be attributed not only to the fact that the size of the investible funds has been slowly accumulating, but also that the insurance companies have been able to reap the benefits of the continuing upward trend in the capital markets. Companies have reported an improvement in the yields on their investments portfolio. LIC which holds long duration securities in its portfolio, reported a decline in the yields at 8.72 per cent as against 9.93 per cent in the previous year. The investment income of the private insurers, inclusive of capital gains, was Rs.2728 crore as against Rs.498.82 crore in 2004-05. Investment income of LIC in 2005-06 was Rs.40056.35 crore as against Rs.36326.41 crore in 2004-05.

Profits of the life insurers

Life insurance industry 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. SBI Life Insurance Company is the first private sector company to turnaround with net profit of Rs.2.03 crore in 2005-06. Bancassurance continued to be the company's key distribution channel and contributed over 43 per cent of the premium underwritten by the insurer. The company has succeeded in achieving an early break even on account of its lower cost of operations. However, the insurer still continues to report a deficit in the Revenue A/c. Shriram Life, which commenced operations in February, 2006, too reported net profit of Rs.2.56 crore mainly due to investment income on shareholders' funds and yet to commit funds towards various capital and revenue expenditure.

All the private insurance companies reported deficit in their Revenue Accounts in 2005-06, which needed injection of further capital by the shareholders. (Statement...) Other than Sahara and Shriram, all the private insurers made capital calls during the year. Metlife could not complete the process of allotment of shares by 31st March. The total losses of the private insurers as on 31st March, 2006 stood at Rs.3790.81 crore as against Rs.2590.32 crore on 31st March, 2005, i.e., an increase of 46.34 per cent over the previous year. The continued financial support through equity injections reflected the promoters' commitment in stabilizing the insurer's operations. During 2005-06 insurers continued to declare bonus despite reporting deficit in the Revenue Account. It may 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. subject to compliance with the conditions imposed by the Authority.

LIC, continued to report surplus of Rs.12,733 crore from operations as against Rs.15884.26 crore in 2004-05, of which Rs.621.77 crore was transferred to the Government of India (Rs.696.60 crore in 2004-05) in tune with the provisions of Section 28 of the LIC Act, 1956.

Non-Life Insurance

The non-life insurance industry reported premium income within India of Rs.20359 crore in 2005-06 as against Rs.17480.59 crore during 2004-05, exhibiting a growth of 16.46 per cent. During the year, the four public sector non-life insurers underwrote premium of Rs.14997.06 crore as against Rs.13972.96 crore in 2004-05, i.e., a growth of 7.33 per cent (4.77 per cent in 2004-05). The eight private sector insurers underwrote premium of Rs.5361.53 crore as against Rs.3507.62 crore in 2004-05 reporting a growth of 52.85 crore (55.35 per cent in 2004-05). Over the last five years, the market share of the private insurers has increased to 26.34 per cent (20.07 per cent in 2004-05). In 2004-05, the non-life insurance industry reported a growth of 12.09 per cent (Table 9) (Statement 26).

TABLE 9

PREMIUM (WITHIN INDIA) UNDERWRITTEN BY NON-LIFE INSURERS - SEGMENT WISE

(Rs.crore)

Department	2004-05	2005-06
Fire	3331	3774
	(19.05)	(18.54)
Marine	1228	1284
	(7.03)	(6.31)
Misc	12922	15301
	(73.92)	(75.16)
Total Premium	**17481**	**20359**

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

The industry added Rs.2878 crore additional premium during the financial year 2005-06 with private insurers contributing Rs.1853.91 crore and the remaining Rs.1024.10 crore by public insurers. The growth in business has been contributed by New India Assurance Company Ltd, Oriental Insurance Company Ltd, ICICI-Lombard General Insurance Company, Bajaj Allianz General Insurance Company Ltd and IFFCO-Tokio General Insurance Company Ltd. As against this, decline to the extent of Rs.276 crore in premium underwritten was reported by National Insurance Company Ltd.

In the private sector, ICICI-Lombard and Bajaj Allianz reported premium of over Rs.1000-crore. ICICI Lombard led the private insurers with 7.77 per cent market share and growth of 81.13 per cent. Bajaj Allianz's premium collection grew by 50 per cent to Rs.1272.29 crore, with a market share of 6.25 per cent. IFFCO Tokio reported a growth of 80 per cent with a market share of 4.38 percent. HDFC Chubb and Reliance continued to have market shares of less than 1 per cent at 0.98 per cent and 0.80 per cent respectively, with the latter having grown by only 0.40 per cent. The public sector general insurance companies' market share declined to 73.66 per cent. New India held a market share of 23.54 per cent (24.09 per cent in 2004-05), followed by Oriental Insurance and National Insurance Company at 17.32 per cent (17.26 per cent in 2004-05) and 17.31 per cent (21.74 per cent in 2004-05) respectively. United India held a market share of 15.50 (16.84 per cent in 2004-05). National and United India reported a decline of 4.43 and 1.34 per cent respectively in premium underwritten. In case of United India the decline in the market share was for the second consecutive year.

Examined in the context of the industry as a whole, the increase in premium in absolute terms was the highest in Motor and Health i.e., Rs.1204.29 crore and Rs.525.37 crore which recorded growths of 16.06 per cent and 30.33 per cent respectively. These segments accounted for 42.61 and 11.05 per cent of the business underwritten by the insurers. Fire and "Others" accounted for 18.38 and 9.97 per cent of the premium underwritten. Marine, Engineering and Aviation accounted for 6.35 per cent, 4.80 per cent and 1.96 per cent. Liability and personal accident accounted for 2.01 and 2.87 per cent of the total premium underwritten by the non-life industry in India. 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. Of the total growth in the premium in the year 2005-06, 64.41 per cent has been captured by the private insurers though they have a market share of 26.34 per cent. In terms of number of policies issued, the industry reported a growth of 6.25 per cent in 2005-06. The number of policies underwritten by the private insurers increased by 73.90 per cent in 2005-06 (as against 56 per cent in 2004-05. The public sector insurers reported a decline of 1.54 per cent against an increase of 16.15 per cent in the previous year (based on revised data furnished). (Table-10)

TABLE 10

NEW POLICIES ISSUED: NON-LIFE INSURERS

Insurer	2004-05	2005-06
Public Sector	44634047	43945284
	(16.15)	(-1.54)
Private Sector	5144755	8946916
	(55.96)	(73.90)
Total	**49778802**	**52892200**

Note:
1. Figures in brackets indicate the ratio (in per cent) of respective insurers.
2. Numbers for 2003-04 are revised in the current year
3. Numbers for 2004-05 are revised this year

Premium Underwritten Outside India

The public sector non-life insurers who have operations outside India underwrote premium of Rs.1032.71 crore (Rs.975.86 crore in 2004-05). Such operations abroad, constituted 4.83 per cent (5.28 per cent in 2004-05) of the gross premium underwritten by the non-life insurance industry.

TABLE 11

RATIO OF OUTSIDE INDIA PREMIUM TO TOTAL PREMIUM

(Per cent)

Insurer	2004-05	2005-06
National	0.28	0.36
New India	17.49	16.36
Oriental	2.35	2.29
United	0.00	0.00

New India has operations in 27 countries through a network of branches, agencies, associate companies and subsidiaries. 16.36 per cent (17.49 per cent in 2004-05) 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 0.36 per cent (0.28 per cent in 2004-05) and 2.29 per cent (2.35 per cent in 2004-05) respectively. (Table 11) National Insurance Company underwrote a premium of Rs.12.67 crore in 2005-06 (Rs.10.74 crore in 2004- 05, i.e., growth of 17.97 per cent). New India too increased the premium underwritten abroad with Rs.937.38 crore (as against Rs.892.35 crore in the previous financial year, i.e., growth of 5.05 per cent). Oriental Insurance underwrote a premium of Rs.82.66 crore (as against Rs.72.77 crore in 2004-05, i.e. a growth of 13.59 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	2004-05	2005-06
National	1074	1267
	(21.09)	(17.99)
New India	89235	93738
	(1.89)	(5.05)
Oriental	7277	8266
	(7.60)	(13.59)
United	-	-
Total	**97586**	**103271**

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

Retention Ratio

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 declined to 73.56 per cent from the previous year's level of 74.37 per cent. Two of the public insurers had a higher retention ratio – New India 76.52 per cent (76.33 per cent in 2004-05); and National 75.87 (74.32). Both Oriental 69.27 (71.77) and United India 70.55 (73.79) reported a decline in the overall retention ratio. Across segments the retention ratios varied. While the retention ratio in case of fire ranged between 75.28 and 59.04 per cent, in the marine and miscellaneous segments it ranged between 58.68 to 47.05 per cent and 79.27 to 74.13 per cent respectively. The retention ratios of the private insurers varied depending upon the composition of their portfolio. While, HDFC Chubb retained 71.90 per cent (previous year: 76.44 per cent; a significant component of its portfolio being Motor); Royal Sundaram, Cholamadalam, IFFCO Tokio and TATA AIG retained 64.73 (60.97); 44.76 (52.86); 53.58 (47.27) and 58.80 (57.95) per cent of their portfolio. Retention ratio of Bajaj Allianz was also higher at 54.92 (56.28 in per cent). Although ICICI Lombard and Reliance too had higher retention levels than the previous year, compared to the industry average, they had the least retention levels at 46.36 (36.72) and 34.22 (23.40) 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. During 2005-06, while four of the private insurance companies were within the limits, TATA AIG, Cholamandalam and Royal Sundaram reported a breanch in the range of 2 to 8 per cent over the limits. HDFC Chubb exceeded limits by 20 per cent. In 2004-05, six of the private insurers had been 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. (Table-13)

TABLE 13

COMMISSION EXPENSES

(Rs.lakh)

	Private Sector		Public Sector	
Department	2004-05	2005-06	2004-05	2005-06
Fire	2456.06	4812.21	17710.51	21558.23
Marine	1621.99	2277.98	6992.26	7829.71
Miscellaneous	18741.65	32338.1	98616.77	113753.7
Total	**22819.7**	**39428.29**	**123319.54**	**143141.6**

During 2005-06, public sector insurers continued to report expenses above the permissible limits. Other than United India, the other three public sector insurers reported actual expenses above the allowable limits in the range of 115 per cent. In case of United India the excess was 157 per cent. Employee expenses constitute a major component of the operating expenses of the public sector insurers. These expenses presently constitute 79.27 per cent (78.57 per cent in 2004-05) of the total operating expenses and 19.93 per cent (19.13 per cent in 2004-05) of the gross premium underwritten. While Oriental and National have reported decline in the ratio of employee expenses to the total operating expenses at 78.56 (82.09 in 2004-05) and 73.71 (74.21), in case of New India and United India the said ratio increased to 79.65 per cent (77.98 per cent in 2004-05) and 84.39 per cent (80.78) respectively. In case of United India, the increase has been on account of not only the employee expenses increasing but also a decline in the premium underwritten by the company during 2005-06.

Six of the eight private sector insurers were in the fifth/ sixth year of operations, and have stabilized their operations. Commission as per cent of gross premium worked out to 10.22 per cent in 2005-06 as against 11.04 per cent in 2004-05. As a per cent of the total management expenses, they accounted for 30.11 per cent (as against 27.68 per cent in 2004-05). The other major expense heads for these insurers as per cent of operating expenses included employee remuneration and welfare benefits 37.45 per cent (34.79 per cent in 2004-05)); publicity & sales promotion charges 14.93 (14.79 per cent); expenses clubbed under the head “Others” 10.82 per cent (9.77 per cent); depreciation 5.13 (6.15 per cent); communication expenses 4.53 per cent (4.74 (per cent); advertisements, rent rates & taxes 3.88 (5.51 per cent); agent recruitment & training 3.26 per cent (3.48 per cent in 2004-05); and legal & professional charges 2.94 (3.88 per cent).

Incurred Claims Ratio

The total net incurred claims of the public sector insurers during 2005-06 were Rs.10569.85 crore as against Rs.9075.40 crore in 2004-05. Measured in the context of net premium (net of reinsurance), the ratio was 89.94 per cent as against 81.63 per cent in the previous year. While the incurred claims ratio of New India and National increased to 83.64 (74.58) and 105.49 (79.92) per cent respectively, the same had declined in respect of United and Oriental to 91.78 (91.99) and 82.57 (86.04) per cent respectively. (Statement-30)

TABLE 14

INCURRED CLAIMS RATIO

(Per cent)

	Public Sector		Private Sector	
Department	**2004-05**	**2005-06**	**2004-05**	**2005-06**
Fire	39.72	66.13	37.91	52.72
Marine	62.81	67.67	87.82	107.71
Miscellaneous	92.34	96.08	50.75	52.35
Total	**81.63**	**89.94**	**51.16**	**54.47**

The incurred claims ratio continued to be the highest in the miscellaneous business at 96.08 per cent, followed by marine and fire segments at 67.67 per cent and 66.13 per cent respectively. National Insurance had the highest net incurred claims ratio of 112.20 per cent in the miscellaneous segment. The insurer also had the highest incurred claims ratio of 83 per cent in the marine segment, while New India had the highest incurred claims ratio in Fire business at 72.40 per cent. (Statement-30)

In the case of the private insurers, the total net incurred claims were Rs.1548.22 crore as against Rs.911.73 crore in 2004-05. Overall, the incurred claims ratio was 54.47 per cent as against 51.16 in 2004-05 (Table-14). Net incurred claims ratio increased in the case of Cholamandalam 69.94 (61.16) per cent, IFFCO-Tokio 51.03 (50.79) per cent, Bajaj Allianz 58.68 (47.22) per cent, Reliance 62.01(61.91) per cent and ICICI Lombard 53.04 (48.23) per cent and declined in the case of HDFC Chubb 55.50 (58.94) per cent, TATA AIG at 47.56 per cent (48.59) and Royal Sundaram at 54.45 (56.39) per cent. (Statement -31).

Underwriting Experience

The four public sector insurers continued to incure underwriting losses in 2005-06. The cumulative underwriting loss increased to Rs.3948.15 crore as against Rs.2579.38 crore, i.e., 35.70 per cent of the net premium of four public sector insurers (23.20 per cent in 2004-05). These losses across the insurers ranged between 47.58 and 27.12 per cent (17.57 and 34.37 per cent in 2004-05). While Oriental reported a marginal decline in underwriting losses 27.12 (27.56) New India, National and United India reported increase in these losses 30.78 (17.57) percent, 47.58 (18.96) and 42.04 (34.37) per cent respectively. (Table-15) (Statement 28)

TABLE 15

UNDERWRITING EXPERIENCE : NON-LIFE INSURERS

(Rs.lakh)

Insurer	2004-05	2005-06
Public Sector	(257938)	(394815)
Private Sector	250	(5061)

Note : Figures in brackets indicate loss

Cumulatively, the private insurers reported underwriting losses of Rs.50.61 crore as against underwriting profits of Rs.2.50 crore, i.e., 1.78 per cent of the net premium underwritten (underwriting profit of 0.14 per cent in 2004-05). While two of the insurers reported underwriting profits, five of them reported either underwriting losses or losses as against reported profits in the previous year. One insurer reported a decline in the underwriting loss. The underwriting losses of six insurers ranged between 16.23 per cent and 1.40 per cent of the net premium. While two insurers had reported underwriting profits, there was a sharp decline in the said profits. Overall, decline in the performance has been on account of multiple reasons. While the expenses of management increase slightly at 27.38 per cent (27.32 per cent in 2004-05), there was an increase in net incurred claims at 54.47 per cent (51.16 per cent in 2004-05). Increase in reserve for unexpired risk however declined to 19.93 per cent as against 21.38 per cent in the previous year.

TABLE 16

OPERATING EXPENSES : NON-LIFE INSURERS

(Rs. Lakh)

Insurer	2004-05	2005-06
Public Sector	364030.89	401692.11
Private Sector	69198.26	106051.48
Total	**433229.15**	**507743.59**

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

Net Profits

The Public sector companies have been relatively more profitable having established their operations in the pre-liberalization era. These insurers have been able to build up reserves over time. Investments made by these insurers during high interest rate regime and as part of project financing are giving both attractive yields and capital gains, and have helped in improving the bottom line. Although PSUs have reported underwriting losses, other than National, the three public sector insurers have shown profits on account of returns on their investments. National has reported net loss of Rs.106.25 crore, as against net profit of Rs.131.12 crore in the face of higher incurred claims ratio of 124 per cent as against 80 per cent in the previous year. While Oriental has reported lower net profits at Rs.283.92 crore, New India and United have reported higher profits at Rs.716.38 crore and Rs.425.23 crore respectively. (Statement-28)

TABLE 17

PAID UP CAPITAL : NON-LIFE INSURERS AND RE-INSURER

(Rs.lakh)

Insurer	2004-05	2005-06
Public Sector	450	500
Private Sector	1048.96	1279.01
GIC	215	430
ECGC	600	700
AIC	200	200
Total	**2513.96**	**3109.01**

A comparison of the financial results of the eight private non-life insurers with their projections reveals that four insurers, i.e., Iffco-Tokio, ICICI Lombard, Bajaj Allianz and Reliance General have out performed in respect of both premium underwritten and profitability. TATA-AIG and Royal Sundaram had projected break-even in the fourth year of operations. Their performance has also been in tune with the projections made. Cholamandalam and HDFC-Chubb commenced operations in October, 2002. Of the eight non-life insurers who commenced operation post liberalization, seven have reported net profits in the year 2005-06. Of the two insurers which commenced operations in 2002-03, while HDFC Chubb was able to turn around in the year 2005-06, Cholamandalam continued to report losses in the third year of operations. Overall, in the financial year 2005-06, the underwriting performance of non-life insurance companies was impacted by the unprecedented floods in Mumbai, resulting in catastrophic (CAT) losses, as a result of which recoveries from re-insurers were triggered. However, due to the healthy income from investment operations, the net profits reported by these companies showed an improvement across the board. The total net profits of seven private insurance companies were Rs.157.52 crore as against Rs.133.23 crore reported by the six insurers in 2004-05. Cholamandalam reported lower net losses (Rs.3.12 crore) as against 2004-05 (Rs.3.34 crore). (Statement 29)

Investment Income

Favourable investment climate continued to prevail in the economy for the third consecutive year on the strength of persistent economic growth, coupled with sustained bullish conditions in the stock market. This facilitated improved financial performance of insurance companies. 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.5610.63 crore i.e., an increase of 29.57 per cent over the previous year (Rs.4330.18 crore in 2004-05). 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. All the private sector insurers reported increase in their income from investments at Rs.267.55 crore as against Rs.184.42 crore in the previous year i.e. an increase of 45.07 per cent (increase of 19.50 per cent in 2004-05).

Return to the Shareholders

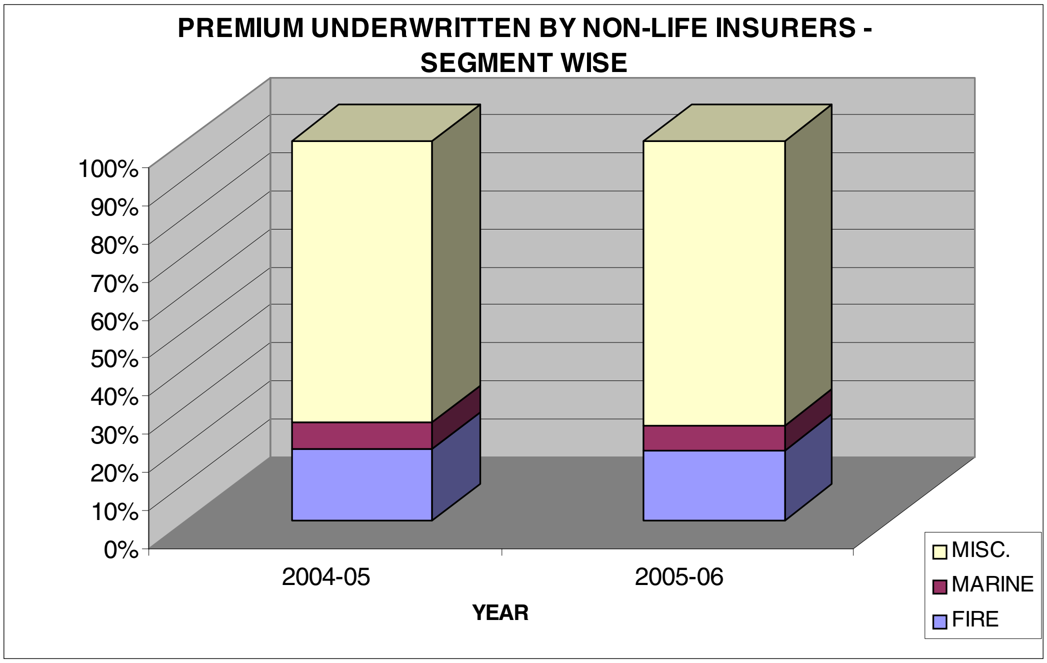
Three of the public sector non-life insurance companies which reported net profits in 2005-06 have contributed Rs.266 crore to the exchequer as dividends (Table-15). Due to net losses reported by National, no dividends were declared. New India also declared bonus shares in the ratio of one for every three shares held. Of the seven private non-life insurance companies which reported profits in 2005-06, two declared dividends. While ICICI Lombard declared dividends for the third consecutive year, IFFCO Tokio declared the third annual dividend having skipped it in the financial year 2004-05.

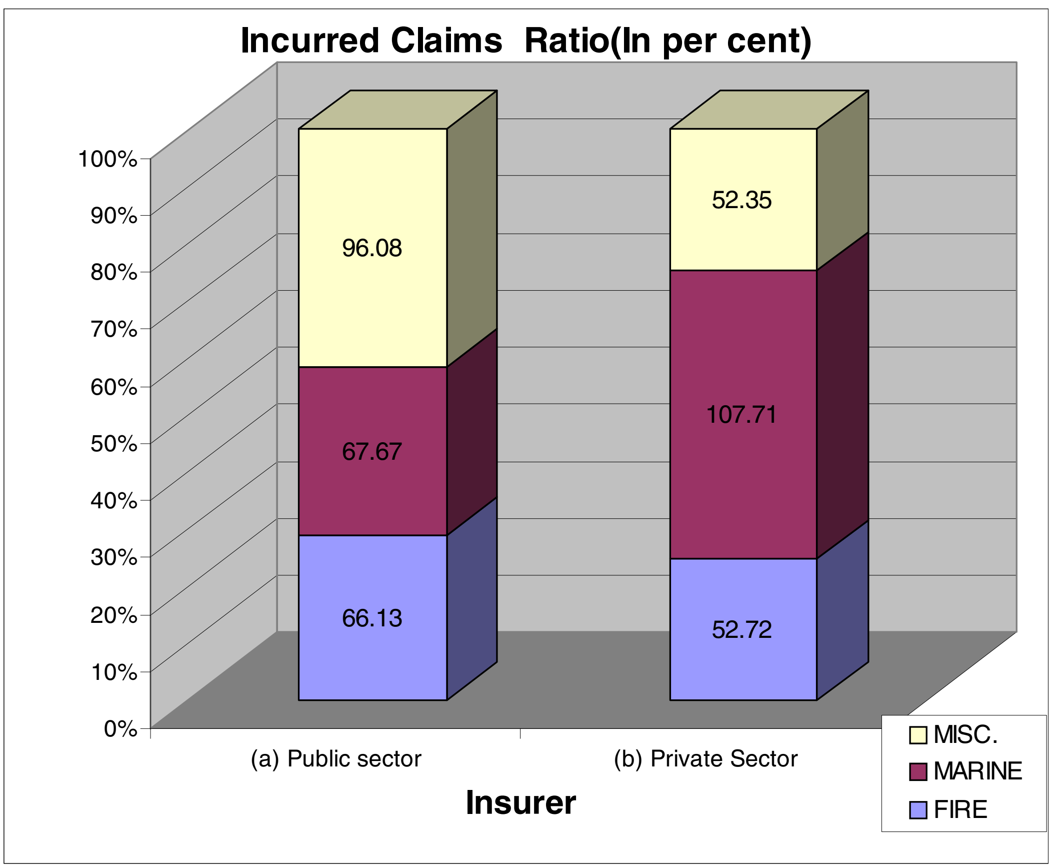
TABLE 18

DIVIDENDS PAID : PUBLIC SECTOR INSURERS

(Rs. Lakh)

Insurer	2004-05	2005-06
LIC	69660	62177
Non-life Insurers	19700	26600
ECGC	1523	4436
GIC	6450	8600
Total	**97333**	**101813**


PREMIUM UNDERWRITTEN BY NON-LIFE INSURERS - SEGMENT WISE
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
2004-05
2005-06
YEAR
MISC.
MARINE
FIRE


Incurred Claims Ratio(In per cent)
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
96.08
67.67
66.13
52.35
107.71
52.72
(a) Public sector
(b) Private Sector
Insurer
MISC.
MARINE
FIRE

General Insurance Corporation (GIC)

GIC a sole re-insurer in the domestic re-insurance market, provides re-insurance to the direct general insurance companies in India. GIC receives statutory cession of 20 per cent on each and every policy subject to certain limits and leads domestic companies' treaty programmes and facultative placements. The Corporation's re-insurance 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, Terrorism Pool continue to operate with GIC as the Manager. In view of the good results of the Terrorism Pool, with effect from 1st, April 2006 the capacity has been increased to Rs. 600 crore per location. GIC has taken over the GOI's War Scheme with effect from 1st January, 2005. and 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 (Probable Maximum Loss) has been developed for the benefit of the Indian Market. An additional cover "Peak Risk Facility" is also in place. High value risks are automatically ceded to this facility after cession to other arrangements. This increases GIC's capacity to Rs. 3000 crore (PML) for such risks. A catastrophic peril cover of Rs. 850 crore, additional Earthquake period protection for Rs. 750 crore, a marine cover for Rs. 250 crore, protection for Personal Accident business have been put in place.

Foreign Inward Treaty and Facultative Business

The support provided by the Corporation to the Indian market is in the form of obligatory Cessions, Company Surplus Treaties, Market Surplus Treaties, XOL protection to direct players in India and Facultative acceptances. The GIC has emerged as an effective re-insurance solutions partner for the Afro-Asian region and leading the re-insurance programmes of several insurance companies in SAARC countries, South East Asia, Middle East and Africa. For providing its international clientele easy accessibility, efficient service and tailor made re-insurance 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 re-insurance as a result of up gradation / down gradation 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 effort 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 catastrophic losses.

Operating Results

The total earned premium during the nine months of 2005-06 was Rs. 4458.84 crore as compared to Rs. 4373.68 crore for the same period of 2004-05. The overall underwriting results show a loss of Rs. 1260.18 crore in the first nine months of 2005-06 as against a loss of Rs. 572.28 crore in the same period of 2004-05. Income from investments was Rs. 1718.62 crore in 2005-06 (April 2005 to March 2006) as compared to Rs. 1398.61 crore for 2004-05 (April 2004 to March 2005) posting a growth of 22.88 per cent. An overall revenue loss of Rs. 164.48 crore has been incurred after apportioning investment income to policyholders' fund. For the year under review, profit before tax stood at Rs. 442.94 crore and profit after tax stood at Rs. 598.52 crore on account of tax refunds. Incurred claims for all classes put together increased to Rs. 4573.07 crore (Rs. 3702.80 crore 2004-05) mainly on account of catastrophic and some individual risk losses including Mumbai Flood losses (July 2005).

C. DATA WAREHOUSE AND RESEARCH

Box Item 1

DATA WAREHOUSING IN THE INSURANCE INDUSTRY

Insurance may well be the first data-analytic business developed before the age of automation. Profitability in the insurance industry requires the ability to gauge risks and rewards with a high degree of precision. The financial research of actuaries may have done more to move forward both the descriptive and predictive fields of statistics. Yet this very intense dependence on aggregate statistical analysis created a data analytic blind spot. The industry became experts in normative or expected behavior but missed the fine distinctions that predict radically different outcomes. And strangely, the big picture regarding profitability by line, market or customer was fuzzy at best.

During the last half of 1990s, insurance companies began using data warehousing techniques to create new business opportunities. They did this by uncovering new perspectives at both the macro and micro level. The macro view allows them to understand a market or geography in rich detail by combining a broad array of external sources such as demographic, psychographic, public record and locator data with the internal experience base. The micro view exploits pattern recognition techniques to reveal hidden and sometimes counterintuitive facts and associations that are then used to create new products, services or processes.

In recent years, claims analysis has become the most prevalent and the most successful use of data warehousing in the insurance industry. Companies have accumulated archives of five, ten or even 20 years of raw claim or loss data. These details on insured party and incident data can be assembled into a rich and detailed analytic resource when combined with the right contextual information. The process starts by categorizing claims using internal attributes known about the claim incident itself, insured party, insured property (if appropriate), claimed and total coverages, cost components and anything else recorded in the operational systems. By itself, this data can be used to calculate raw statistics and detect trends that form the baseline for further analysis.

This core claims data can then be enhanced by the addition of external data already acquired for operational uses. For instance, credit history is traditionally used as a part of the acceptance processing for new policies or when extending coverage. It can also be used to indicate suspicious claims.

Conventional wisdom says that when someone is tapped out financially, they are more likely to file a fraudulent claim. This counterintuitive fact is one of the contra-indicators created via more in-depth analysis. Contra-indicators are based on a more precise understanding of the circumstances of the insured party or the claims incidence itself. These indicators are used operationally to help determine where to direct increasingly expensive investigative resources.

The insurance industry has long known what other businesses are just learning: It is more efficient to sell more to an existing customer than it is to find a new one. This customer share strategy is a guiding principle of agent behavior at the grass-roots level, but historically this principle has had little corporate support.

A data warehouse can be used to link customer information across lines of business to produce a composite customer view. Comparative analysis and profiling can create representative portfolios of insurance coverage. Gap analysis can identify customers who have potential needs but are not being served. This can help outbound telemarketing or traditional field agent outreach so as to sell more business into the existing customer base.

A more hardy solution couples a data warehouse with a closed-loop customer relationship management application. This offers a continuous and more integrated flow of information between either field or remote agents and other field or corporate functions. This allows for collection and maintaining competitive coverage data. It supports synchronous and coordinated update of insured party data regardless of whether it is received by an agent, a claims processor, a customer service representative or various connected third parties. In turn, this allows the data warehouse to present a current, consistent and complete view of customer holdings and activity. Using precise geographic analysis of the location of both current and potential customers, the right number of agents can be placed in better proximity to their customers.

One of the most vexing problems is to know with certainty where the insured party or the insured property is located. An ambitious goal is to build "insured life histories." This means to compile a time line of historical information about the customer including all past locations and changes in coverage. This can be done with minimal effort based on backtracking through old information for extant policies. It could extend to linking back to expired policies the customer may have held in the past. This often requires complex processing to correctly link these prior instances.

Tracking the geographic location of accidents is one of the things that have revolutionized automotive claims processing. Prior analysis clearly demonstrated that, on average, claims costs go down the closer the resolution of the claim is brought to incident. One response has been more geographically dispersed drive-in claims centers. Claims centers need to be built in areas of high incident within reasonable proximity of where the customers live.

A data warehouse can be used in all phases of market identification and penetration. Companies begin with installed-base analysis using directed surveys and externally purchased data to identify characteristics of current customers by policy and coverage type. Segmentation analysis defines sets of characteristics that exhibit strong potential to buy a certain policy type. Targeting involves sifting through prospect records that have also been augmented with the characteristics of interest to create a campaign list. A data warehouse can be used to track and evaluate the success of a new market campaign.

The successful companies analyze the factors of risk and return more broadly and more deeply to create finely tuned indicators which can be used to pick their customers. Even though their prices may be higher than the premium-only vendors, they found a ready market in customers that had previously been frozen out.

More insurance companies are expanding into multiple lines of business across a wider variety of specialized customer categories. Products are becoming more narrowly defined and are being deployed against more focused target customer groups. It is no longer acceptable to measure profitability at just the business unit level or only for a few large customer categories.

A multi-line company may have life, auto, home and business products. Profitability traditionally is measured at the business unit or major line level (e.g., auto vs. home) and at the minor line level (whole vs. variable vs. term life). The general ledger processing is set up this way and so are most of the available financial reporting options.

Now companies are moving to a product level focus with visibility to geographic and customer segment variability. Product differentiation is starting to play a greater role in both customer retention and market growth strategies. A comprehensive and standardized dimensional model is an essential tool in this new endeavor.

Future success in the insurance industry will require fundamental changes from past practices. The business will be managed by new rules that target customers more finitely and then measure the results with greater precision.

The challenge is to calculate profit margin with a high degree of precision at the sector or segment level to see if bets are paying off. It is not good enough to track only premium revenue. One must carefully correlate all direct loss activity and find the most effective allocation scheme for shared variable and fixed costs. The magic is often in how to apportion these non-direct costs in a manner that does not obscure the real differences that exist. The data warehouse is both a laboratory for sampling, testing and fine-tuning as well as the definite source for composite results.

This is the next frontier for the insurance industry. This needs building a bottom-up database from detailed policy, premium, claims and expense data sources to compute customer-level profitability. A dimensional model that reaches down to the atomic detail to represent a variety of groupings, accounts and activities that define each customer becomes the need of the hour. Also need new predictive methods that are effective with discrete data rather than being extrapolations of population statistics are required. The data warehouse then requires updates based on the above experiences.

If data is available at one place it becomes easier to search for patterns, categorize the data and predict the future behaviour of customers to a certain extent in regard to a) probability of cancellation of contract b) assessment regarding selling potential c) expected claims ratio etc. Such data mining techniques will help the business in improving the pricing and help cost reductions. Keeping this in mind, the Authority has been making efforts to build up a data warehouse for the industry at TAC, Mumbai. To start with, the data warehouse will host the granular level data on motor and health insurance statistics. With this experience, other lines of business can also be appended to the data warehouse. Such a data warehouse in the Indian context is fraught with problems due to lack of strategic thinking on a pre drawn road map for the computerization in the industry. The good news is that a great deal of data is available with the insurance companies in different pockets of their operations. Such data is build up as a small proprietary management information system within a company. As the functions of each unit within a company are well defined the data bases maintained by that unit is job specific and answers queries relating only to those functions which the unit performs. Because of this there is no integration among such small data bases. The Authority in its endeavour has integrated such data bases and collected the data through prescribed data formats and built a good volume of data base on motor and health insurance statistics.

Main objects of TAC Data warehouse

TAC data warehouse (TAC DW) has been designed to provide a central repository of consistent data and to function without interfering with the existing systems of the insurers. The aim is to deliver valuable information to the Insurers, Regulator and Government. The DW is built with analytical tools such as OLAP and data mining techniques. The historical data built up over a period of time together with data from multiple sources will help the users immensely.

The three important aspects of TAC DW are populating the Data Warehouse, Day-to-day management of the warehouse and its ability to incorporate future changes. These involve

a) extracting the data, cleaning it up and making it available for analysis.

b) creation and deletion of summary tables, rolling data on/off archive and changing to satisfy new business requirements.

c) and structure the architecture in such a way so as to accommodate future changes in query profiles and with addition of completely new subject areas and scalability.

The data extraction is done by insurance companies from their databases and submitted to TAC periodically (at present annually, in future quarterly) in text format. The raw data is normally received in CDs and copied on Hard disk and a backup location. The CDs / floppies received from the insurer are numbered and kept in store after making necessary entries in the log register. The txt file is loaded to TAC database as and when received using the ETL tool of SQL server. Software packages have been created and developed considering the different sources of data and various forms in which data is captured by different departments (Motor and Health). The data is initially loaded to the temporary database.

Cleansing of data is a major exercise in data warehouse system. The data received in text files, excel files and other formats are converted into SQL server file. Logical errors in the data are checked by running specified queries and only data having no errors are uploaded to main database from its temporary position.

The raw data backup is taken regularly whenever any new batch of data is received from any insurer. It is stored in portable hard disk and kept in safe custody. Mirror copy is stored at a different location. The backup of main database is taken every day and weekly backup is stored in portable hard disk and kept in safe custody. Mirror copy is also taken. SQL server backup software is used for carrying out backup operations.

Summary data is created and stored in separate tables and kept in Operational Data Store (ODS). All the predefined lightly and highly defined summarized data generated by the warehouse are stored in ODS. This part of warehouse is transient in order to respond to changing query profiles. The purpose is to speed up performance of queries. Summary data is updated continuously as new data is loaded into the warehouse.

DEVELOPMENT DEPARTMENT

The Authority has been pre-occupied with building up adequate database in respect of all stakeholders in the industry. This has been becoming more important at this stage in moving towards a de-tariff regime in the general insurance market. The road map for a de-tariff regime by 1st January 2007 has been well articulated by IRDA. To support this, adequate data at the regulatory level becomes paramount. Secondly, the role of the Tariff Advisory Committee (TAC) will also change in a de-tariffed regime. The TAC has been perceived as a data repository for all the general insurance statistics. It will support the underwriting process for the envisaged motor pool. From this point of view, data on motor insurance statistics from four public sector general insurance companies in prescribed formats have been collected for the years 2003-04 and 2004-05. Considering the importance of health insurance in India, data from the Third Party Administrators who have been established to help faster claims settlement have been collected. The data thus collected is stored in a scientific way for further analysis. The declined lives data base in the life sector has also been used quite frequently by all the life insurance companies within a secured system. The scope of the declined base is also being expanded. The R&D at IRDA is preoccupied with the analysis of data thus collected at TAC. Reports for internal use are prepared.

D. REVIEW

i. Protection of interests of policyholders

The Authority notified regulations for Protection of Policyholders' Interests in 2002. The regulations require all insurers to set up grievance redressal mechanisms to address complaints and grievances of the policyholders efficiently and with speed. The insurers are also required to send details of the Ombudsmen to the policyholders.

The Authority has been monitoring the systems in the companies to ensure that they are effective. In 2003, the Authority had set up a grievance cell to facilitate resolution of policyholders' complaints. The Authority receives and takes up the complaints with the insurance companies. The nature of complaints reflects on the happenings in the market. Most of the complaints in respect of life insurance relate to repudiation of death claims, especially early death. In the case of general insurance, most grievances relate to personal insurances, health (Mediclaim) being the most prominent, followed by Motor. More than 50 per cent of the complaints in health insurance claims relate to disputes regarding 'pre-existing disease'. In the general insurance sector, around 75 per cent of the complaints received in the Authority pertain to claims, around 24 per cent to policy-related matters and 1 per cent due to 'other' reasons.

Complaints relating to delays in settlement have been declining. It may be recognized that grievances about quantum or liability disputes cannot be really analyzed or compared as they have to be connected with terms and conditions of the policies rather than the service parameters. Competition has resulted in improved customer services on the part of insurance companies.

ii. Maintenance of solvency margins of insurers

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 crore 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 maximum of the following amounts:

1. fifty crore of rupees (one hundred crore of rupees in

case of re-insurer) ; 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,

Credit for reinsurance can be taken while computing net premiums and net incurred claims for the above purposes. However, credit to be taken shall be at a percentage as determined by the regulations, not exceeding fifty percent. 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 fifteen insurers who underwrote premiums during the year 2004-05, fourteen insurers complied with the stipulated requirement of 1.5. LIC had a solvency ratio of 1.3 which was above the statutorily required ratio but below the regulatory stipulation of 1.5. In respect of Max New York Life the required solvency ratio showed an improvement from 1.47 in 2004-05 to 2.0 in 2005-06. The solvency ratios of life insurers as on 31.3.2006 are at Statement-50.

Non-life insurers

In the non-life segment, of the four public sector non-life insurers, three have met the stipulated solvency ratio of 1.5. The solvency ratio of Oriental improved to 1.97 as on 31st March, 2006 as against 1.46 on the same day in the previous year. In the case of United Insurance the solvency ratio as on 31st March 2006 was 2.23 (2.04 in the previous year). The solvency ratio of New India was 3.09 as against 3.22 in the previous year. National Insurance continued to show a further decline in the solvency position with its solvency margin declining to 1.08 as on 31st March, 2006 as against 1.21 as on 31st March, 2005 (1.46 as on 31st March, 2004). The Authority has drawn the attention of the Government of India to the continuing erosion in the solvency of the company and the need to inject fresh capital to restore the solvency to the stipulated 1.50.

Amongst the specialized insurance companies, ECGC which is underwriting credit business had a solvency ratio of 9.39 as against 6.44 as on 31st March, 2005. Agriculture Insurance Company which commenced its operations in 2003-04 has reported solvency margin of 2.16 as on 31st March, 2006.

Of the eight non-life private insurers, six insurance companies have met their stipulated solvency requirement. In the case of Bajaj Allianz and ICICI Lombard the solvency margin was 1.22 and 1.29 respectively. ICICI Lombard initiated steps to inject additional capital of Rs.200 crore in April, 2006, and satisfy solvency stipulations. Bajaj Allianz has been advised to take steps to ensure that the solvency requirements are complied with by 31st December, 2006.

Re-insurer

The national re-insurer, General Insurance Corporation, reported solvency ratio of 3.41 as on 31st March, 2006 as against 3.81 in 2005.

iii. Monitoring of re-insurance

The mandate to the Authority in respect of re-insurance 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 re-insurance by general insurers which lays down the ground rules in placing re-insurance with the re-insurers. Under the provisions of the Insurance Act, 1938, the General Insurance Corporation of India has been designated as the “Indian insurer” which entitles it to receive obligatory cessions of 20% from all the direct general insurers. The limits have been laid down in consultation with the Re-insurance Advisory Committee.

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

④ Maximise retention within the country

④ Develop adequate re-insurance capacity

④ Secure the best possible protection for the re-insurance cost incurred

④ Simplify the administration of business

As required by the regulations, a general insurers have to file their re-insurance programme with the Authority which are examined for compliance. The Authority also collects re-insurance returns to evaluate the performance of their proportional and non-proportional treaties.

Re-insurance Advisory Committee

As per Section 101A of the Insurance Act, 1938 every insurer shall reinsure with the Indian re-insurer such percentage of the sum insured on each general insurance policy as may be specified by the Authority, which are also known as obligatory cessions or statutory cessions, with the previous approval of the Central Government, after consultation with the Re-insurance Advisory Committee.

For this purpose, the Authority may a) specify the percentages of the sum insured on each policy to be reinsured with the Indian re-insurer and different percentages for different classes of insurance provided that no percentage so specified shall exceed 30% of the sum insured on such policy; and b) specify the proportion in which the said percentage shall be allocated among the Indian re-insurer.

The Re-insurance Advisory Committee in its last meeting finalized the terms of obligatory cessions to be made by the companies to GIC for the year 2006-07. The present national retention levels were reviewed and the Committee is of the view that retentions could not be improved merely through statutory cessions. Instead, collective effort by all insurers is needed. Based on the recommendations of the Re-insurance Advisory Committee, the Authority advised all the general insurers that the statutory cessions to the Indian re-insurer shall continue at 20 per cent for all classes of insurance business, but the limit on statutory cessions by sum insured or Probable Maximum Loss for various classes of business as per the existing guidelines shall be dispensed with. It also decided that while the existing level of commissions shall continue for 2006-07, separate commission rates for War and SRCC shall be discontinued and merged with the Marine Cargo or Marine Hull as the case may be.

Terrorism Pool

The Indian Market Terrorism Risk Insurance Pool which came into existence on April 01, 2002 completed its fourth year of operation on March 31, 2006. The cover provided by the Pool which was initially Rs. 200 crore Per Risk / Location was increased to Rs. 300 crore Per Risk / Location with effect from April 1, 2004 and subsequently to Rs. 500 crore Per Risk / Location from February 1, 2005. In the meeting of the Underwriting Committee / Pool members the cover Per Risk / Location has been revised to Rs. 600 crore with effect from 1st April 2006.

iv. Monitoring of Investments of the insurers

As on 31st March, 2006, the total investments by the insurance industry have grown by 13.66 per cent to Rs.529483.10 crore as against Rs.465863.89 crore in the previous year. Where as investments by the life insurers increased by 13.7 per cent to Rs.487150.69crore, the corresponding increase was 13.15 per cent to Rs.42332.41 crore in the case of non-life insurers. While the investments by the LIC increased by 10.87 per cent, in the case of private insurers, the growth was 130.05 per cent. Increase in investments by public sector non-life companies was 10.51 per cent and for private sector non-life insurers it was 49.21 per cent. (Table-19)

TABLE 19

INVESTMENTS OF INSURERS

(Rs. Crore)

INSURER	Life		Non-Life		Total	
	2005	2006	2005	2006	2005	2006
Public sector	418288.99	463771.14 (10.87)	34856.53	38519.52 (10.51)	453145.52	502290.66 (10.85)
Private sector	10162.94	23379.55 (130.05)	2555.43	3812.89 (49.21)	12718.37	27192.44 (113.80)
TOTAL	**428451.93**	**487150.69 (13.70)**	**37411.97**	**42332.41 (13.15)**	**465863.89**	**529483.10 (13.66)**

Note: 1) Investments of AIC of India have not been included.
2) The figures are based on provisional Returns filed with IRDA.
3) Figures in the brackets represents annual growth in percent

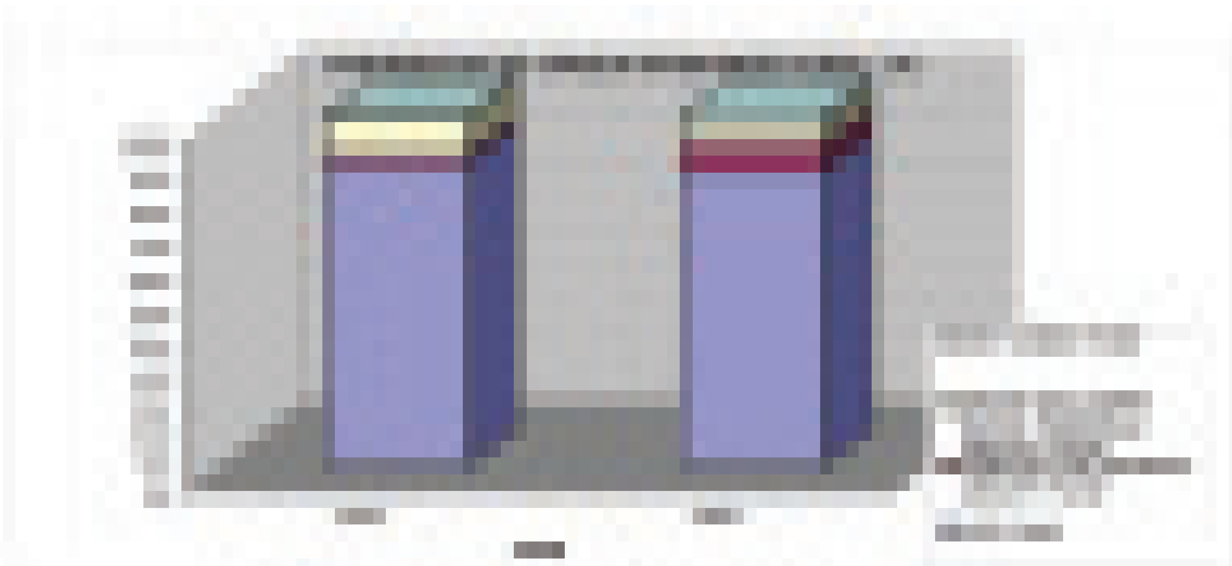
Of the total investments, Life fund investments contributed 81.53per cent, 'Pension and General Annuity' (including Group) (13.15 per cent) and Unit Linked Fund (5.31 per cent) as on 31st, March 2006.As against these, the proportions were 85.48, 12.77and 1.76 per cent respectively as on 31st March, 2005. It may be observed that a shift had taken place in favour of investments from Unit Linked Funds as in the previous year, 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 61.85 per cent as against 46.92 per cent in the previous year highlighting the reliance of new insurers on unit linked products to underwrite new business. (Table- 20)

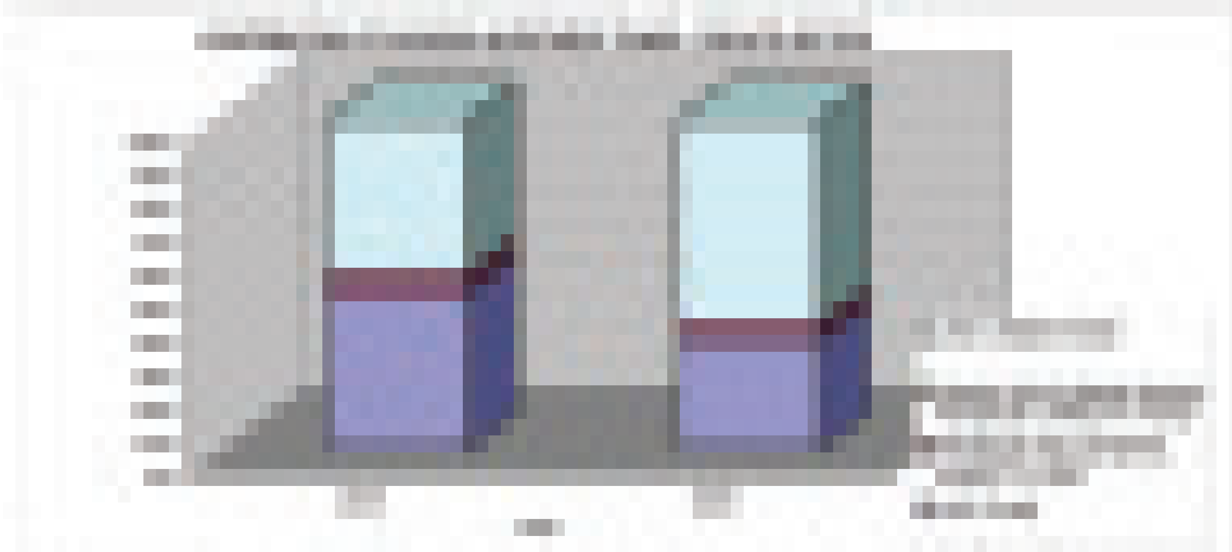
TABLE 20
INVESTMENTS OF LIFE INSURER: FUND WISE

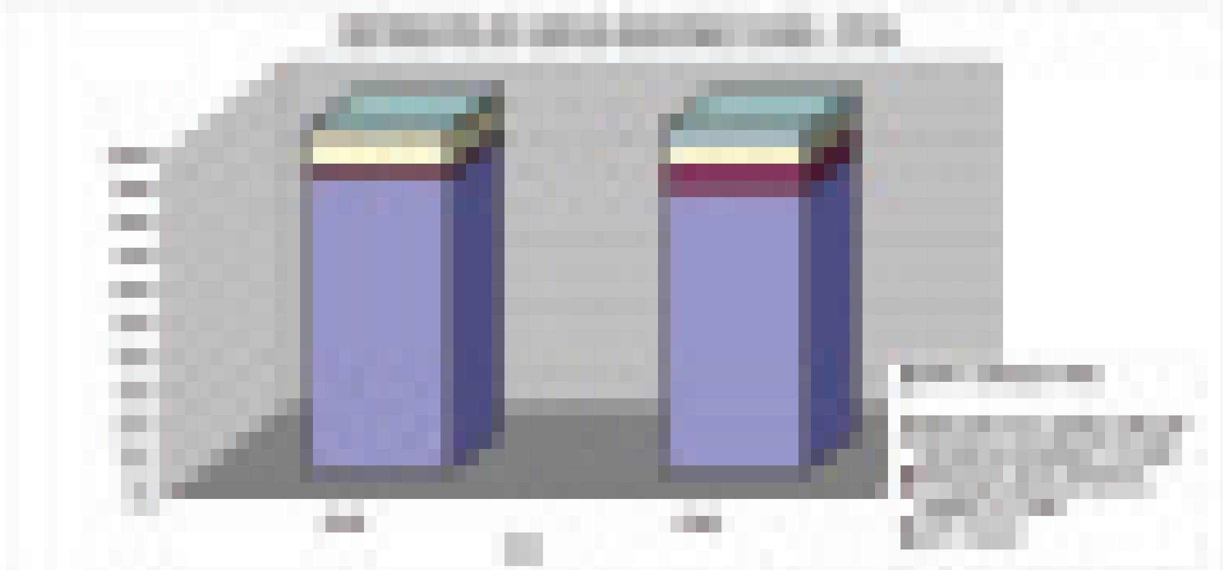
(Rs.Crore)

INSURER	LIFE FUND		PENSION AND GENERAL ANNUITY FUND		GROUP EXCLUDING GROUP PENSION & ANNUITY FUND		UNIT LINKED FUND		TOTAL OF ALL	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
LIC	389447.52	361428.87	36157.64	11462.03	26737.53	42639.42	11428.45	2758.67	463771.14	418288.99
PRIVATE SECTOR	7741.13	4790.98	1106.65	561.75	72.09	41.43	14459.68	4768.77	23379.55	10162.94
TOTAL	**397188.65 (81.53)**	**366219.85 (85.48)**	**37264.29 (7.65)**	**12023.78 (2.81)**	**26809.62 (5.50)**	**42680.85 (9.96)**	**25888.13 (5.31)**	**7527.45 (1.76)**	**487150.69**	**428451.93**

Note: 1) The figures are based on provisional Returns filed with IRDA.
2) Figures in brackets are percentages to the respective totals.







Box Item: 2

RE-VISITING THE REGULATORY FRAMEWORK FOR INVESTMENTS

Introduction:

IRDA Investment Regulations have prescribed investment pattern for life and non-life (including re-insurer) insurers. Prescriptions have been laid down in respect of life fund, annuity and pension business, which are monitored in the case of Life Insurance Business on the basis of 'Controlled Fund' and in the case of General Insurance Business, on the basis of 'Total Assets' of the Insurer.

The Insurance Act, 1938 and the Regulations prescribe the specified percentages of investments to be made in Government securities, approved securities (where principal and servicing of interest are guaranteed) and other approved investments to the extent of 85 per cent for life and 75 per cent for general insurance companies. The Regulations also lay down prudential safeguards in regard to the levels of exposure to a single company/ a group of companies/a single industrial sector to mitigate concentration risk and to provide a semblance of safety. The regulations have also prescribed the specified per cent of investments to be made in infrastructure and social sectors, to ensure that the long-term savings of the sector are appropriately channelized.

In respect of unit linked products, where the investment risk is borne by the policyholder, the investment pattern is segregated between approved and "Other than approved investments" in the ratio of 75:25.

A. Regulations In Brief:

i. The IRDA Investment Regulations define Assets, Principal Officer, Groups, Financial Derivatives etc.,

ii. The Regulations prescribe the pattern of Investments for Life, Non-Life businesses, mainly for the policyholders' funds.

iii. Investment Regulations require a balance between Infrastructure and Social Structure Investments.

The regulations are based on the recognition of insurance instruments to be safe, liquid and profitable. The prudential safeguards mitigate the risks to which various instruments are exposed through appropriate benchmarks.

B. Details of Other Regulations

The Authority currently receives information of investments made, income generated, yield on various funds, pattern of investments, details of downgraded investments, fund-wise investments, the pattern of investments, exceptional investments made, details of investee companies, group companies and industry sector exposure, details of non-performing assets etc. The Authority is further empowered to call for such additional information and at such periodicity as may be required, under clause 7 of Investment Regulations.

Every insurer is required to have an Investment Committee that would be responsible for implementation of Board laid investment policies. The Investment policy is required to be filed with the Authority, at the commencement of the financial year listing out the strategy that would be adopted to take care of:

a. Liquidity issues, Prudential and Exposure norms

b. Stop loss limits in securities trading

c. Managing market risks

d. Assets-liabilities management

e. Adequate return on policyholders investments

f. Safety and protection of funds.

The Investment Policy is to be reviewed at half yearly interval for its proper implementation and it should be filed with the Authority in case any changes are made in the Investment Policy.

C. Investment In Equity

The Act and Regulations have restricted investment in equity market. In the life and non-life business, for an investment to be categorized as Approved Investment, the prudential norms specified in Section 27A and 27B of Insurance Act, 1938 are required to be complied with. The norms laid down under the Act provide for track record of payment of dividend of not less than three years for non life insurance companies and seven years in the case of life companies in respect of companies whose equity/preference shares are being acquired. Further, the Authority has also laid down norms to be complied with, in case of an insurance company subscribing to Initial Public Offer (IPO).

The approved investments should fulfill the following:

a. Prudential Norms specified in Sec 27A / 27B of Insurance Act, 1938

b. Exposure Norms specified in IRDA Investment Regulations for:

    1. Investing in Individual Company

    2. Investing in Group Companies

    3. Investing in a particular Industrial Sector

    4. Investing in Promoter Group Companies.

In view of the market volatility, the equity exposure is kept at a low percentage. Also the Authority is monitoring the compliance with the various regulatory prescriptions through periodic inspections for compliance with the Regulatory framework and the provisions of the Insurance Act, 1938.

D. Outsourcing of Investment Functions

The regulations do not provide for outsourcing of any of the core functions of the Insurance Business. As Investments is one of the core functions, while notifying the regulations it has been clearly mentioned that all functions relating to Investments, including its monitoring should be done ‘in-house’. But the Regulations do permit outsourcing of Investment Advice. In line with the above regulations, the Authority has clarified through issue of circulars that outsourcing of Investment functions is not permitted. As Insurers had expressed their difficulty in the calculation of NAV, the Authority has permitted limited purpose outsourcing to life insurance companies for the calculation of NAV.

E. Review of the Investment Regulations:

It was observed that the existing regulations on Investments issued by the Authority in 2000 have been modified partially through various amendments. With the expansion of the financial sector and introduction of new financial instruments requests for investment in additional instruments and derivatives, which are not provided for in the present framework need to be examined for developing appropriate regulatory framework.

The Authority therefore decided to form a Working Group to examine the existing Investment Regulations and to review comprehensively the current statutory prescriptions and pattern of Investments for insurance companies and suggest changes considered necessary in the light of experience gained / developments in financial markets and the genuine constraints faced by insurance companies. The Group is also examining the existing structure of the prescribed Returns to suggest modifications as may be considered necessary. The Group would finalise its recommendations shortly.

The statutory framework provided for investments by insurance companies was one of the areas examined by the Law Commission of India while reviewing the Insurance Act, 1938. The Law Commission while submitting its Report to the Government of India in June, 2004 opined that in respect of a few areas, a detailed examination by the experts was required. The Authority constituted a Committee under the chairmanship of Shri K. P. Narasimhan in March, 2005 which submitted its Report in July, 2005 covering in detail the statutory and regulatory framework for investments. Some of these recommendations involve amendments to the Insurance Act and are presently being examined by the government.

Life insurers held Rs.245477.93 crore, in Central Govt. and State Govt. Securities and other approved Securities, Rs.49638.45 crore in Infrastructure and social sectors and Rs.102072.27 crore in investment subject to exposure norms as on 31st March, 2006.The corresponding investments on 31st March 2005 were Rs.209908.18 crore, Rs.45521.01 crore, RS.110790.66 crore, respectively. In the case of LIC, 61.91 per cent out of Life fund were invested in Central Government and State Government Securities and other approved Securities, 12.37 per cent in infrastructure and Social sector and 25.72 per cent in investment subject to exposure norms as on 31st March, 2006. As against, these 57.2 per cent, 12.35 per cent, 30.4 per cent respectively were the proportions in the previous year. Private insurers held 56.51 per cent out of Life fund in Central govt. and State govt. securities and other approved securities, 18.81 per cent in infrastructure and social sectors and 24.68 per cent in investment subject to exposure norms as on 31st March, 2006. The corresponding figures were 62.65 per cent, 17.96 per cent, 19.39 per cent respectively in the previous year. (Statement 34)

Investments of Non-Life Insurers:

Of the total investments by non-life insurers, Rs. 16745.31 crore were held in Central govt. and State govt. Securities, in infrastructure and social sector Rs.4981.88 crore and in investments subject to exposure norms Rs.17497.42 crore as on 31st March , 2006, as against Rs.14964.24 crore, Rs.4389.7 crore, Rs.15410.64 crore for the previous year.

Public sector non-life companies invested Rs.15150.5 crore in Central Govt and State Govt Securities (39.33 per cent of their total investments), Rs.4413.07 crore in infrastructure and social sector (11.46 per cent of their total investments) and Rs. 16169.11 crore in investment subject to exposure norms (41.98 per cent of their total investments) as against Rs.13725.2 crore (39.38 per cent), Rs. 4001.17 crore (11.48 per cent) and Rs.14695.38 crore (42.16 per cent) respectively in the previous year. Investments of the private insurers in the above sectors stood at Rs.1594.81 crore (41.83 per cent), Rs. 568.81 crore (14.92 per cent) and Rs.1328.32 crore (34.84 per cent) as against Rs.1239.04 crore (48.49 per cent), Rs.388.53 (15.2 per cent) and Rs. 715.41 crore (28 per cent) respectively as on 31st March, 2005.

v) Health Insurance

Today, hardly one percent of the country's population is covered under Health Insurance. Health Insurance accounts for a mere 1.2% of the total expenditure on health in the country. The Working Group on Health Insurance set up by the IRDA in 2003 set up the Health Insurance Data Sub Group on whose recommendation three sub-committees were set up to look into Health Insurance data, product innovations and definition of 'pre-existing disease' and registration of Stand-alone Health Insurance companies respectively. The recommendations of these sub-committees are being taken forward, one by one. On the recommendations of the sub-committee on Product Innovations, the Rural Health Insurance sub-group was set up with a view to giving a special thrust to Rural Health Insurance.

Health Insurance is one of the fastest growing portfolios of general insurance business. In order to give a special focus to this area, the IRDA is in the process of setting up a separate Health Insurance department. The Authority is also planning to bring out separate regulations/guidelines for health insurance.

The year saw the registration of a stand-alone health insurance company that came into the business by complying with the minimum capital requirement of Rs.100 crore required for a general insurance company.

Third Party Administrators

Third Party Administrators (Health Services) have now come of age. They are becoming professional in delivering their services and consistently continue to consolidate their position. To enlarge the scope of their activities, the TPAs have been permitted to service the health schemes sponsored by the Central Government and State Governments. Quite a few of them have strengthened their financial position by infusing more capital. The list of hospitals empanelled by them is also expanding. Two more companies have been granted License to function as TPAs during the year 2005-06. License of one TPA Company was not renewed as the company was found wanting in fulfilling their duties and lacking in professionalism in conducting their affairs. Thus as of now 26 companies are holding License to act as TPAs (Health-Services). Most of the general insurance companies transacting health insurance business have empanelled TPAs to service their policies. This is an indication of steady increase in their confidence in utilizing the services of the TPAs.

Recognizing the need for creation of Health Insurance data repository the Authority has collected data from the TPAs in a prescribed format and stored it at TAC, Mumbai. Discussions are taking place to improve the database by collecting health insurance statistics from the companies also. The Authority organized training on ICD 10 coding by the Bureau of Central Health Intelligence, under the aegis of Ministry of Health and Family Welfare. A minimum two employees of each TPA were asked to attend the orientation programmes. These were conducted in four batches at Mohali and Bangalore.

TABLE 21

THIRD PARTY ADMINISTRATORS - CLAIMS DATA

	Claims settled				
Claims received	Within 1 month	within 1- 3 months	Within 3 - 6 months	More than 6 months	Claims Outstanding
1126895	730269 (64.80)	291766 (25.89)	36051 (3.20)	10597 (0.94)	104740 (9.29)

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

TPAs have helped in facilitating a large number of policy holders to get cashless medical treatment in hospitals. In the long term, it is hoped that the experience garnered and data collected will help all the players in bringing down the cost of medical treatment in the country.

TABLE 22

TPA (INFRASTUCTURE)

Name of TPA	Hospitals added in the network	Number of offices/ branches opened	Manpower including Doctors/ Professionals added
Family Health Plan	1097	2	79
Med Save Health Care Ltd.	464	4	33
Heritage Health Services	522	1	31
Raksha TPA Pvt. Ltd.	417	15	43
TTK Healthcare Services Ltd.	1424	6	227
Paramount Health Services	413	2	99
Medi Assist India Pvt. Ltd.	183	3	43

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 fifteen insurers who are in life insurance operations during the last six 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 2005-06 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 powerloom 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 2005-06. While three public sector insurers complied with the rural sector obligations for the year 2005-06, in the case of National Insurance Company Limited despite repeated follow up the company has been unable to file data on the business underwritten in the rural sector and on the number of lives covered under the social sector. This is the second consecutive year that National Insurance Co. Ltd. has been unable to comply with the social sector obligations. The Authority is following up on the matter. In respect of New India Assurance Co. Ltd. which had a shortfall in terms of number of lives covered under the social sector in the year 2004-05, the company took steps to meet the same in 2005-06. The insurer had complied with its obligations in the year under report.

vii. 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) are also more stringent for the insurance companies. 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 re-insurer, 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".

While 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. The salient features of the revised guidelines which are applicable effective financial year 2006-07 are as under:

(a) Authority would henceforth not maintain a panel of auditors. Instead minimum prescriptions have been laid down which are required to be met by the firms for seeking appointment as Statutory Auditors.

(b) The insurance companies would henceforth be responsible for selection of audit firms that satisfy the eligibility criteria laid down.

(c) Insurance companies are required to verify to their satisfaction the eligibility criteria before considering/ approving their appointment.

(d) Insurance Companies are required to intimate to the Authority, the name and address of the audit firms, for information within one week of their appointment.

As part of corporate governance practices, the requirements of rotation and cooling off have been retained in the revised guidelines.

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 and presently comprises of the following members:

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 2005-06, 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 thereof; (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.

The Committee is presently examining (i) Disclosure Requirements for Unit Linked Products in the Financial Statements of Life Insurers to ensure greater transparency in reporting; (ii) laying down procedural guidelines on handling of claims and accounting there of in respect of life insurers; and (iii) examine the feasibility of permitting insurance companies to invest in real estate. The insurance companies have been seeking waiver from the stipulation in the regulations on preparations of Financial Statements of Insurance Companies which prescribe that Income from rent shall include only the realized rent and shall not include any notional rent.

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 an AA must be a full time employee in the case of life insurers, 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 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, Box Item 3

FRAMEWORK FOR INSPECTION

Introduction:

The framework of functioning of the Authority can be categorized into four broad areas, viz.,

(i) Licensing of insurers and insurance intermediaries;

(ii) Financial and regulatory supervision;

(iii) Control and regulate premium rates; and

(iv) Protection of the interests of the policyholders.

The regulatory framework provides for registration of insurance companies, maintenance of solvency margin, in respect of investments and financial periodic reporting position of the company. In addition, with a view to facilitating development of the insurance sector, the Authority has issued regulations on protection of the interests of policyholders; obligations towards the rural and social sectors; and licensing of agents, corporate agents, brokers, and third party administrators. Overall the regulatory framework is enshrined in the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999, the various regulations notified by the Authority, Circulars and directives issued.

Oversight processes:

With the initiation of the process of grant of registration to the new insurers, there was also a felt need to put in place the supervisory systems for regulatory oversight to ensure that the regulated entities maintain robust financial health and serve the interests of the policyholders. Broadly the process of oversight can be segregated into on-site and off-site supervision. These processes are laid down to ensure that the regulated entities are compliant with the regulatory framework to ensure protection of the interest of the policy holders on an on-going basis.

The designing of various formats of reporting have been derived from the different aspects of operations of an insurance company. Broadly, the scope of off-site supervision has been focused on four segments, viz., (i) financial reporting, (ii) investment functions, (iii) actuarial and solvency aspects, and (iv) re-insurance. Derived from the regulations notified in this regard, insurance companies are required to file reports and statements as prescribed on a periodic basis. Additional formats of reporting have also been prescribed to obtain information which have not been specifically spelt out in the regulations, but is necessary to monitor the operations of the insurance companies. These statements form the basis for off-site supervision.

The financial year 2005-06 was the sixth year of operations of insurance companies, post opening up of the sector. While the Authority has been contemplating commencement of comprehensive on-site inspection, it was considered that the registered entities should be allowed time to stabilize operations prior to taking on full scale inspection. In the meantime, as an interim measure, based on concerns which arose at different points in time, the Authority has taken up targeted on-site inspections. Other than targeted inspections (including those related to market conduct issues), the Authority has been carrying on Investment Audit of the regulated insurance entities effective for the financial year 2001-02 onwards. While these inspections were initially limited to select companies, for 2005-06, the investment inspections were carried out for all insurers across the board (other than three insurance companies - two specialized insurers and two recently licensed life companies).

The Authority proposes to put in place a comprehensive supervisory process to evaluate operations of the companies and their compliance with the supervisory and regulatory prescriptions on both the financial and non-financial matters.

Proposed Supervisory approach and risk assessment:

Broadly, the risks associated with insurance business can be categorized as under:

1 Credit Risk

2 Market risk (covering interest rate risk & foreign exchange risk)

3 Insurance risk (including product design and pricing risk, underwriting and liability risk)

4 Operational risk

5 Liquidity risk

6 Legal and regulatory risk

7 Strategic risk

8 Reputation risk

The risk management control functions would cover the following aspects:

1 Operational management: Planning directing and controlling the day to day operations of the insurer

2 Financial analysis of the operational results and reporting of the same to the management

3 Compliance functions which broadly cover three aspects, i.e., set the policies and procedures for adherence to the regulatory requirements, monitor compliance with the policies and report on compliance to the senior management and Board.

4 Internal Audit: should be an independent function within the organization. The assessment covers adherence to and effectiveness of operational and organizational controls. Also assess adherence to and effectiveness of compliance and risk management policies and procedures.

5 Risk management processes involve identification of risks, development of measurement systems for risks, establishment of polices and procedures to mange risks, development of risk tolerance limits, monitoring of positions against approved tolerance limits, and reporting the results of risk monitoring to senior management and the Board.

6 Senior management and systems in place: the key responsibilities of the senior management

include assessment whether the organizational and procedural controls are effective, and there is compliance with the approved policies and procedures. The key management should be in the position to develop strategies and plans to achieve approved the laid down strategies and objectives. The key management is also responsible for developing sound business practices, culture and ethics.

7 The Board of directors is entrusted with the responsibility of the overall working of the insurer. The key responsibilities of the Board include (i) ensuring that the management is qualified and competent; (ii) review and approve organizational and procedural controls; (iii) ensure principal risks are identified and appropriately managed; (iv) review and approve policies and procedures fro the institution's major activities; (v) review and approve strategic and business plans; and (vi) provide an independent assessment of management controls.

While assessing the risk management processes the supervisory team would go through all the identified areas on a sample check basis and derive conclusions on the controls in place, based on which the risk ratings would be assigned to the significant functions and the entity as whole. The focus of the above assessment would be to ensure that the company complies with the prescribed solvency ratio and its operations are prudent and are based on adequate internal systems and processes that would protect the interests of the policyholders.

contract wording, investments and re-insurance; 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 a new Actuarial Review Committee in the year 2005, comprising:

1. K.P. Narasimhan – Past President of ASI
2. N.M. Govardhan – Past President of ASI
3. P.A. Balasubramanian – Consultant to IRDA

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 re-insurance 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.

The Actuaries Act, 2006

The Government of India notified the Actuaries Act in the official gazette on 28.08.2006. As a result, the actuarial profession would get a fillip with the grant of statutory status. As per provisions of the Act, in place of existing Actuarial Society of India "Institute of Actuaries of India" is constituted with the following objectives:

- To promote, uphold and develop the standards of professional education, training, knowledge, practice and conduct amongst Actuaries;
- To promote the status of the Actuarial Profession;
- To regulate the practice by the members of the profession of Actuary;
- To promote, in the public interest, knowledge and research in all maters relevant to Actuarial science and its application; and
- To do all such other things as may be incidental or conducive to the above objects or any of them,

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 aimed 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.

viii) Crop Insurance

Agriculture Insurance: Emergence of Multiple Weather Index & Biomass based Pilot products:

Natural disasters have an enormous impact on the lives of the farmers. Traditional crop insurance has many inherent shortcomings making it not very popular. Moral hazard, adverse selection, use of multiple agencies and their huge administrative cost, lack of reliable methodology for estimating and reporting crop yields are some of the challenges for insurers. In-ordinate delays in settlement of claims are also a matter of annoyance for the policyholder. Further, it has limitation of choice. To make insurance some innovative insurance instruments are currently being experimented e.g. Index-Based weather Insurance. Based on the initial experience of Index based weather insurance policies introduced earlier by ICICI Lombard and IFFCO Tokio, Agricultural Insurance Co. (AIC) has launched during 2005-06 few more weather insurance pilots on wheat insurance, mango insurance, and coffee insurance besides continuing with the existing NAIC and other products. The basic concept of weather insurance is to estimate the percentage deviation in crop output (losses) due to adverse deviations in weather conditions. This gives the linkage between the financial losses suffered by farmers due to weather variations and also estimates the indemnities that will be payable to them. The analysis could also include contingencies associated with the timing and the distribution of weather parameters, particularly rainfall over the season. These form the basis for designing rainfall (weather) insurance contracts.

It was reported that taking technological advantages into consideration, one of the insurers has studied 7-8 years' satellite images for calculation of biomass/ crop vigour (NDVI) for wheat. The Wheat Insurance Policy designed based on Temperature/Biomass/Crop Vigour compensates the insured against the likelihood of diminished wheat out put/ yield resulting from Low Crop Vigour (bio-mass) as measured using satellite images in terms of Normalised Difference Vegatative Index (NDVI) within the specified tehsil/ block during 2/3rd week of February (corresponding to peak crop vigour, subject to the availability of satellite image)subject to a maximum of the sum insured specified under the schedule of the policy.

Compared to yield based insurance, weather/Index insurance is inexpensive to operate. Since very few agencies would be involved in implementation, the aggregate administrative cost would be far lower. These products allow for speedy settlement of claims over traditional crop insurance, as they can be settled even within a fortnight of the expiry of policy period.

Some of the existing plantation insurance covers being offered by Public Sector insurers were suitably modified to provide cover for new /innovative crops viz. Jatropha (bio-diesel plant) introduced to the Indian farmers.

ix) Credit Insurance

Credit Insurance is insurance against financial losses sustained by the insured through the failure of policyholders' clients to pay for goods or services supplied to them. In other words, Credit insurance protects a company's receivables against commercial risks (and also political risks in case of Export Credit) which could result in non-payment of its invoices. These risks could take the form of buyer insolvencies (e.g. bankruptcy) or protracted defaults (slow payment).

The year witnessed few revisions to the existing Policies based on experience, along with introduction of new need-based insurance solutions. The IT Enabled Services Policy (Multi Customers) is one such new credit insurance cover designed to meet the specific needs of the software exporters/ companies who provide such type of IT enabled services. The policy indemnifies non-realization of payments due to occurrence of the protracted default, insolvency & contract repudiation (customer risks as well as bank risks) and political risks such as inconvertibility, contract cancellation and import restriction etc., for IT enabled services. The term defined services, primarily involves special software requirements under a contract for a specific period with payments mainly on the basis of service rendered during a defined period say a month or a quarter etc. It can be a contract for a given period with billing of service rendered at defined periodic intervals or contract given for a particular job and payment may be related to milestones of achievement.

As on date, a number of insurers both from Public and Private sector are offering various credit insurance policies depending on their corporate underwriting philosophy.

x) Micro-Insurance

Insurance can play a positive role in meeting the financial needs of the poor, and one would need to examine the many challenges involved in offering insurance to them through micro-insurance agents with simpler types of insurance cover for property, personal accident, health and life insurance. The Authority had notified Micro-Insurance Regulations on 10th November 2005. This has provided framework for insurers to design suitable micro-

Box Item 4

DE-TARIFFING OF GENERAL INSURANCE INDUSTRY AND FILE & USE GUIDELINES

Removal of tariffs proposed to be made effective on 1st January, 2007 will be one of the most important events post –opening up of the insurance sector. At present, 70% of the General Insurance business is driven by various tariffs being prescribed by Tariff Advisory Committee (TAC), established under Sec.64 UM of Insurance Act, to control and regulate the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business. Since any breach of tariffs constitutes a violation of Insurance Act, 1938, in a tariff driven market, the leverage for taking flexible decisions regarding the pricing based on the merit of individual risk is virtually nil.

An early experiment in de-tariffing took place in 1994 when Marine (Cargo) was de-tariffed which created chaos in the then insurance market. Since the industry needs to move prudently, the Authority has considered it worthwhile to prepare a roadmap for working on the various issues related to de-tariffing before making it a free market. This was to enable smooth transition for a tariff free regime and prevent market going out of control which has serious bearing on the solvency margins of the insurers. In September 2005, IRDA had exposed a detailed note outlining the Road Map for a tariff free regime from 1st January, 2007. The road map outlined various steps to be taken by the insurers viz. underwriting policy, rate making, policy terms & conditions and corporate governance along with a time schedule for implementation etc. ensuring that the shift from a tariffed market to a market where the insurers are free to fix the rates and determine the terms and conditions of contract is as smooth as possible. After de-tariffing, the role of the Tariff Advisory Committee (TAC) is expected to undergo a change. It can provide technical expertise for the industry as a whole and perform various other useful functions like collection of data on premiums and claims, analysis of such data and dissemination of the results to the insurers.

In order to review the state of preparedness of general insurers towards de-tariffed regime, IRDA organized a two day meeting-cum-seminar on 13th – 14th March, 2006, at Hyderabad. Delegates from all the General Insurance Companies consisting of Chief Underwriters, Appointed Actuary and Compliance Officers along with industry specialists attended the seminar. The focus was on to give technical and actuarial inputs required for rating of various classes of business, that are governed by tariff for long and on how insurers and their underwriters should prepare themselves to the delicate task of balancing between the business interests and the prudent risk judgment in the free market. It was reiterated that the movement to non-tariff market needs to be carefully monitored and the insurers have to do many things including strengthening their underwriting teams, use of data systems for actuarial pricing, imparting education to brokers as well as clients towards better risk management, preparation of internal rate manuals and setting up of effective internal controls etc. The Authority has constituted a Steering Committee consisting of Shri K.K. Srinivasan, Member(NL), Shri CNS Shastri, Advisor and Shri DVS Sastry, DG, IRDA for reviewing the movement to Tariff Free Regime. The Steering Committee held several meetings with insurers for assessment of the preparedness towards tariff free regime.

In order to facilitate filing of products to be used in de-tariffed market, the Authority has come up with a draft guidelines on File & Use requirements for general insurance products. In a competitive marketplace it is very important that an insurer introducing a new product or an innovation in respect of a common product is able to retain the marketing advantage of its product. For the purpose of these guidelines an insurance product also includes a plan of insurance designed to meet the requirements of a client or class of clients. The guidelines have specified the IRDA requirements for consideration and review of products under File and Use requirement. The purpose of the Guidelines is to create an orderly procedure to ensure that the products offered by the insurers and their pricing are appropriate and fair as between the insurer and the policyholders. It stipulates the requirement for obtaining Board approval for underwriting policy, the responsibilities of the Compliance Officer, Classification of Products for filing, Data support and Role of Appointed Actuary etc. The draft versions were circulated at the General Insurance Council and deliberated at length. Final version of Exposure Draft Guidelines were circulated to all insurers and also placed on the website of IRDA. The feedback was consolidated and the Guidelines on File & Use requirements for General Insurance products were finally issued on 28th September, 2006.

The guidelines prohibit variations in tariff coverages, wordings, endorsements and warranties in respect of covers that are currently under tariffs till 31st March, 2008. In other words, the intention is to restrict competition on products that are governed by tariff at present, only to pricing and not to terms and conditions of cover or scope of cover. This is to avoid confusion to the consumer immediately after de-tariffing and to pave way for steady acceptance of the free-market.

While filing the products, insurers are advised to take into account the requirements of IRDA relating to design and rating of insurance products. They are further advised to do an internal verification of the products before filing them with IRDA so as to avoid queries from IRDA.

The requirements of IRDA are as follows:

i) Design and rating of products must always be on sound and prudent underwriting basis. The contingencies insured under the product should be clear and provide transparent cover which is of value to the insured. Prudent underwriting means that the insurer should only offer insurance of risks that are quantifiable and manageable and where the premium can be properly assessed. The cover should be clearly defined and should provide cover that is of value to the person insured.

ii) All literature relating to the product should be in simple language and easily understandable to the public at large. As far as possible, a similar sequence of presentation may be followed. All technical terms should be clarified in simple language for the benefit of the insured. There should be no effort to mislead the reader to assume that the product is offering protection that it really does not, or that it offers subject to limitations and conditions that are not easily apparent.

iii) The product should be a genuine insurance product of an insurable risk with a real risk transfer. “Alternate risk transfer” or “financial guarantee” business in any form will not be accepted. Insurers are not expected to offer financial guarantees or other contracts that are called as insurance but are in fact, lending arrangements. Insurances which guarantee the financial performance of the person insured are not permitted. Invariably, the event insured should be an unforeseen occurrence not under control of the insured. Any indirect insurance products such as insurance derivatives will not be permitted.

(iv) The insurance product should comply with all the requirements of the Protection of Policyholders' Interests Regulations 2002. In case of some personal lines products such as health insurance, there should be provision to inform the policyholder well in advance of expiry date (say, at least 15 days) if his insurance is not to be renewed. In respect of products planned to be sold through tele-marketing or e-selling or as an added benefit with other transactions, particular attention should be paid to the safeguards to be taken to prevent improper selling practices.

(v) Insurers should use as far as possible, similar wordings for describing the same cover or the same requirement across all their products. For example clauses on renewal of insurance, basis of insurance, due diligence, cancellation, arbitration etc., should have similar wordings across all products. Wordings should be in simple language that is easy to follow. Where renewal is not automatic in a class of business where there is an expectation of continuity such as health insurance, the prospectus should clear say so. Cancellation by the insurer should only be allowed with sufficient period of notice (at least 15 days) so that the policyholder will have enough time to find alternative insurance cover. Cancellation in a class of insurance like health insurance should be made subject to proper justification. Cancellation just because the insured made a claim should not be allowed. The policy should provide simple disputes resolution procedures and also state in simple language the process of arbitration of disputes.

(vi) The pricing of products should be based on appropriate data and with technical justification. Where the proposed schedule of rates are derived from an existing schedule of rates irrespective of whether or nor the class of business is a tariff class, there should be adequate statistical information on the claims experience at current schedule of rates. Where the rates are based on the generally prevailing market level of premium rates, the insurer should be able to demonstrate the reasonableness of the variation from the currently prevailing level of rates. Where the rates proposed are based on reinsurance market level of rates, the insurer should be able to demonstrate that the rates of the reinsurance markets have been properly ascertained and represent rates quoted by re-insurers of repute. Where the rates are based on non-insurance technical data, the insurer should be able to defend the logic underlying the establishment of the estimated claims costs from which the rates are derived. It is permissible to have two sets of rates, namely rates subject to payment of agency commission and net rates where the client comes direct. However, the insurer should make due allowance for the expenses it will incur for doing the work that an agent or broker will do when the business comes through him.

(vii) The terms and conditions of cover shall be fair between the insurer and the insured. The conditions and warrantees should be reasonable and capable of compliance. The exclusions should not limit cover to an extent that the value of insurance is lost. The cover provided should be of value to the policyholder and should offer needed protection. The policyholder should not be forced to buy covers that he does not need as a pre-condition of being granted cover that he needs. The time allowed for reporting of claims should be reasonable. The policyholder should not be required to do things that are onerous after a claim to maintain his eligibility for protection nor should the policyholder be prevented from resuming his business expeditiously by the claims process.

(viii) Margins built into rates shall be consistent with the experience of the insurer in respect of commission, management expenses, contingencies and profit. The margin for commission built into the rates should be that level at which commission or brokerage will be paid. While the law only states the maximum rates of commission that can be paid, it is open to insurers to design products with lower rates of commission so long as the manner of marketing such a product can be sustained at the low rate of commission built into the rates. Expenses of management will generally reflect the overall expense ratio of the insurer in recent past. However, it is possible to design products at a different margin for expenses where the insurer can demonstrate that the expenses of management for that particular product will be different either because of the characteristics of the potential market or the sales mechanism or administration of that type of insurance. Insurers will not be arbitrarily allowed to design products at very low margins merely to beat competition. However, if an insurer consciously provides lower than appropriate margins in design of its product and makes adequate provision to cover the deficit that is bound to arise due to under-pricing, such a product may be permitted for an initial period as a promotional period subject to the company being able to absorb the financial strain without affecting its solvency margin. Such conscious underwriting at a loss should also be reported to the Board for its approval.

(ix) Insurer should take necessary steps in ensuring that competition will not lead to unprincipled rate cutting and other improper underwriting practices. Although this is a statement of the obvious, the fact that an insurer has to provide such a confirmation should act as an indirect deterrent to improper practices.

The underwriting policy of the insurer shall be placed before the Board of Directors (and not merely a committee or sub-committee of the Board) for their approval. Product design, rating, terms and conditions of cover and underwriting activity shall be consistent with the approved underwriting policy of the Board. A copy of the underwriting policy paper as approved by the Board shall be filed with IRDA without delay. It is necessary that the Underwriting Policy is placed before the whole Board and not just a Committee of the Board. The policy should not give unfettered discretion to the management to quote untenable rates or make inadequate reinsurance arrangements in respect of large accounts. All important decisions must require at least two senior executives who are not directly one above the other, to approve the decision.

To ensure underwriting discipline and sound business practices, it was intended that the Board of the company must lay down the necessary oversight mechanism to safeguard the margins rather than focusing on the top line growth. The top management, the Actuary and duly designated officials are required to act in accordance with the corporate philosophy and lay down necessary controls, ensure data collection by using robust IT systems and fix rating factors in a scientific manner. Based on this, the pricing of products filed under File & Use guidelines must be duly justified by appropriate data or other logical justification.

insurance products. Norms are also laid down to recognize micro-insurance agents, like Non Government Organizations (NGO) and Self Help Groups (SHG).

Some of the salient features of the Regulations include:

(i) tie up between one life and one one-life insurance company to market micro-insurance products. The tie up can be either at product level or at distribution level;

(ii) NGO's/MFI's and SHGs are allowed to distribute micro-insurance products as micro-insurance agents. The normal distribution channels, i.e., agents, corporate agents and brokers can also distribute micro-insurance products;

(iii) the model adopted for micro-insurance is the principal/agent model;

(iv) micro-insurance sold would be recognized while reckoning the social and rural sector obligations;

(v) some restrictions are prescribed in the minimum and maximum sum assured for endowment insurance, term insurance, health insurance, dwelling insurance, livestock insurance, etc;

(vi) all life insurance products are available for a maximum term of fifteen years;

(vii) commission to be paid on life insurance products increased to twenty percent of the premium for the whole of premium-paying term;

(viii) the minimum qualification for appointment as an insurance agent is removed, and the requirement of hundred hours of training followed by an examination waived;

(ix) the insurance company has to impart twenty-five hours of training to micro- insurance agent as part of capacity building;

(x) all products designed to be sold as micro-insurance products have to be cleared by the Authority and have to clearly identify themselves as micro-insurance products when launched in the market;

(xi) the insurance contracts are to be delivered in local language to the policy holders;

(xii) all micro-insurance products will necessarily be underwritten by insurance companies only and

(xiii) and for group insurance products, the minimum size of the group is reckoned at twenty.

Consequent to Notification of these regulations, Authority has been highlighting the need for promoting the concept of micro-insurance at various forums especially with all insurance companies. With a view to synergize the efforts of all state governments that are promoting poverty alleviation programs, IRDA has taken a proactive initiative by requesting all the state governments through its letter addressed to Chief Secretaries on 26.05.2006 to publicize the concept of micro-insurance through various agencies.

Authority is also contemplating the idea of having a direct interaction with all the insurance companies to deliberate upon their business initiatives in this specific class of business, to take cognizance of the practical constraints faced by the insurers for necessary intervention and facilitate a progressive growth of micro-insurance business.

xi) Directions, orders and regulations issued by the Authority

In exercise of the powers under Section 64 UM (2) of the Insurance Act, 1938, the Authority raised the limit of losses required to be surveyed by a licensed surveyor and loss assessor for settlement of claims, from Rs. 20,000/- to 50,000/- for the flash floods in Surat, Gujarat as a special case for a period of two months from the date of issue of the order. The insurers were permitted to utilize the services of in-house surveyors for assessing losses upto Rs. 50,000/-. This special dispensation was given to insurers to ensure expeditious disposal of claims and for mitigating hardships to policyholders affected by the flash floods.

The Authority issued the regulations in 2002 laying down the rural and social sector obligations to insurers for the first five years of their operations. Since some of the insurers are in the sixth year of their operations during the financial year 2005-06 directions were issued on 8th June, 2005 as follows with regard to the obligations for the year 2005-06:

1. In respect of life insurers, eighteen per cent of the total policies written direct shall be in the rural sector.
2. In respect of the non-life insurers, five per cent of the total gross premium income written direct shall be in the rural sector and
3. In respect of all insurers, twenty five thousand new lives shall be covered in the social sector and the policies should be in force on 31st March of the year.

While the Authority is in the process of reviewing the extent of operations beyond the sixth year and as some of the insurers have entered in the seventh year of operations in the financial year 2006-07, the Authority has directed that in respect of such companies the obligations would continue to be as applicable to them as in the sixth year of operations.

The Authority is considering detariffing of general insurance products with effect from 1st January 2007 and to this end has prepared a detailed road map specifying the milestones to be achieved by the insurance companies. Detailed file & use guidelines that would become effective upon detariffing have also been issued. The Authority has taken to fit in place systems and procedures for enabling smooth transmission to a detariffed regime with minimum inconvenience to all the stakeholders.

To protect the interests of the policyholders, it is proposed that despite the detariffing the terms and conditions, wordings etc. will not be changed by the insurers unilaterally for a period of 15 months after coming into effect of the policy. 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 2005-06 (and up to September, 2006) is placed at Annex xii.

xii) Right to Information Act

The provisions of the Right to Information Act, 2005 effective 12 October, 2005, provide 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 designated Ms. Veda Kumari, Executive Director (Admn) as the Central Public Information Officer under Section 5 of the Act and Shri C.R. Muralidharan, Member as the Appellate Authority under Section 19 of the said Act.

Further to facilitate quick dissemination of information, the Authority on October 16, 2006 designated five more officials as Public Information Officers under section 19(1) of the Right to Information Act. 1. Shri Prabodh Chander, ED - Non-Life, Hindi and Legal 2. Shri K. Subrahmanyam, ED - Actuarial 3. Shri P.C. James, ED - Inspection and Health Insurance 4. Mr. M.M. Siddiqui, CSO - Intermediaries 5. Mr. Kunnel Prem, CSO - Life insurance 6. Ms. Vedakumari, ED - ATI, Corporate Agency and any other residuary matters.

PART II

REVIEW OF WORKING AND OPERATIONS

i) Regulation of Insurance and reinsurance companies

For proper compliance, the Authority has issued the IRDA (Obligations of Insurers to Rural or Social Sectors) Regulations, 2002. IRDA has amended these regulations in 2004 in which the rural sector has been redefined. Further to this amendment, clarifications have been issued regarding social sector obligations. The obligations of insurers towards social sector are

(a) Five thousand lives in the first financial year

(b) Seven thousand five hundred lives in the second financial year

(c) Ten thousand lives in the third financial year

(d) Fifteen thousand lives in the fourth financial year

(e) Twenty thousand lives in the fifth year

It is further clarified that the term 'lives' refers to new lives insured during the financial year and are in force as on 31st March of the year. This new definition is effective from the financial year 2005-06.

ii) Intermediaries associated with the insurance business

Intermediaries associated with insurance business are brokers, third party administrators (TPAs) and surveyors. The insurance agents, including corporate agents, represent the insurers, and play an important role in sale of insurance contracts. The Authority entrusted the responsibility of conducting pre-licencing agents' online examinations with effect from 1st July, 2004 to Insurance Institute of India, Mumbai. Insurance Institute of India has taken a decision to set up its own online examination venues at various metros. Consequently, the activities of the private training institutions have been stopped completely with effect from 1st July, 2006.

Insurance Agents

A critical element of insurance sector reforms is the development of resources having the right skills and expertise in each segment of the industry so as to provide quality intermediation to market participants. Quality intermediation requires the personnel working in the industry 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 may be recognized that agents are a critical link between the insurer and the insured and they should be fully equipped to sell insurance.

Guidelines for agent's on-line training institutes

The Authority issued guidelines for on-line training institutes on 24th May, 2005. Further, on 26th June, 2006 the Authority issued addendum:

- Opening of more than one Login (multiple Login) on same computer as well as Login by the same user ID/password on different machines at the same time is not permissible.
- The Training Institutes must have only one domain to launch the IRDA accredited on-line training for Life and General Insurance. Use of more than one domain is not permissible.

All the existing accredited on-line training institutes have been advised to comply with the above additional requirements and any non-compliance of the guidelines would entail withdrawal of accreditation.

Corporate Agents

No fresh guidelines have been issued by the Authority in the year 2005-06.

Insurance Brokers

Brokers, in their role as intermediaries, bridge the information and knowledge gap existing between insurance companies and buyers of insurance. This knowledge gap is likely to increase after general insurance products are freed from tariffs. The comfort that was derived from tariffed pricing and common policy terms and conditions will no longer be available to customers. In this scenario, brokers have realized that their roles and services will acquire greater significance and value in the days to come and are gearing up for the coming events.

During 2005-06, 31 broking licenses were issued, of which one was a composite broking license. Total number of valid licenses till 31st October, 2006 are 231. During the current year over a hundred licenses were renewed.

The Authority has also constituted an Expert Committee, under the Chairmanship of Shri G.K. Raman (Chairman, Royal Sundaram Insurance Co. Ltd.) to review brokers' regulations and related issues. The report was submitted in November and is under examination. Investigations and disciplinary action was initiated against a few erring broking companies including the cancellation of one composite broking license. It is expected that brokers will live up to expectations and emerge as professionals, rendering quality risk management services and adding value to their customer's business, trade or occupation.

TABLE 23

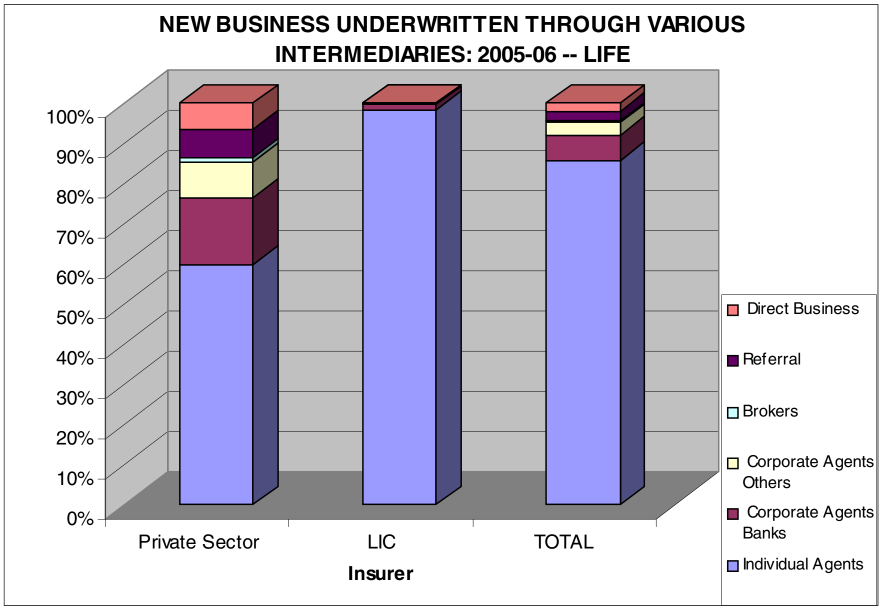
NEW BUSINESS(LIFE) UNDERWRITTEN THROUGH VARIOUS INTERMEDIARIES: 2005-06

(Per cent)

	Individual Agents	Corporate Agents Banks	Corporate Agents Others	Brokers	Referral	Direct Business
Private Sector	59.71	16.87	8.92	0.83	7.06	6.61
LIC	98.37	1.25	0.32	0.06	0.00	0.00
TOTAL	**85.67**	**6.38**	**3.15**	**0.31**	**2.32**	**2.17**

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 similar lines of Chartered Accountants, Cost and Works Accountants and Company Secretaries. The Government appointed a Committee under the chairmanship of Shri 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 *ad hoc* 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, Department of Company Affairs, Chennai. The IRDA, along with the *ad hoc* Committee carried out a membership drive to create awareness about the Institute, followed by calling for applications for membership to the Institute. There was a good response to the notice. Of the total applications received by the Institute, 4340 members were found to be eligible to



contest/vote for the elections to the first Council of the Institute. This list has been put on the IRDA website on 10th November, 2006. It is expected that election process will commence shortly after the notification for elections is issued.

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.

The Honourable High Court of Madras vide Order dated 20th June, 2006 in a batch of writ petitions has held that third party insurance should be provided to motor transport vehicles and for package policies and renewals thereof. The insurance companies may consider the same on its merits and decide appropriately.

iv) International Cooperation in Insurance

International Association of Insurance Supervisors (IAIS)

The International Association of Insurance Supervisors (IAIS) was established in 1994 to promote cooperation among insurance supervisors and other financial sector supervisors. Over the years, the membership has grown and insurance supervisors from over 180 jurisdictions became members, over 100 organisations and individuals representing professional associations, insurance and reinsurance companies, international financial institutions, consultants and other professionals became observers. This involvement reflects the

Box Item 5

ANTI MONEY LAUNDERING GUIDELINES

'9/11' showed a grave fact to the world that terrorists have wealthy backers and have created a sprawling global network of funds. Funds created out of criminal activities like drug trafficking, human trafficking, smuggling etc., are being routed through the financial systems to reach the hands of terrorists for their monstrous activities. Clandestine movement of funds in the disguise of legal funds takes place in a series of transactions which is termed as Money Laundering (ML). Crores of money is moved especially in a weak financial system. IMF has estimated in 1996 that the aggregate size of money laundering in the world could be somewhere between two and five percent of the world's gross domestic product.

Money Laundering:

Money Laundering (ML) is moving illegally acquired cash through financial systems so that it appears to be legally acquired.

Areas prone to Money Laundering

Money laundering is a threat to the good functioning of a financial system. Generally, launderers tend to seek out areas in which there is a low risk of detection due to weak or ineffective anti-money laundering programmes.

Stages of money laundering:

There are three common stages of money laundering during which there may be numerous transactions made by the launderers.

(a) Placement wherein cash proceeds from illegal activity is disposed physically.

(b) Layering wherein illicit proceeds are separated from their source by creating complex layers of financial transactions

(c) Integration wherein an impression is created of apparent legitimacy to criminally derived wealth.

Action at the international level to combat money laundering began in 1988 with two important initiatives: The Basel Committee on Banking Regulations and Supervisory Practices and the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, which has now been ratified by over 140 countries.

Financial Action Task Force (FATF):

Financial Action Task Force (FATF) an inter-governmental policy-making body was formed in 1989 by the G7-summit at Paris, with the purpose to develop and promote the policies, both at national and international levels, to combat money laundering and terrorist financing. FATF has developed about 40 recommendations on money laundering (ML) and 9 special recommendations on terrorist financing (TF) to guide various jurisdictions in their attempts to strengthen their financial systems.

Asia Pacific Group on Money Laundering

India is an active member of Asia Pacific Group on Money Laundering (APG), an associate member of FATF. APG report strongly recommended the implementation of The Prevention of Money Laundering Act, 2002 which came into force on 1st July 2005 after the rules were framed there under.

One of the most significant issues regarding financial crime in India has been tax evasion and many efforts have been made by a number of authorities to combat this issue. Areas of concern as regards ML relate mostly to import/export transactions being used to transfer value across borders. India's AML/CFT regime is at a nascent stage.

India has been victim of number of terrorist attacks and has experienced at first hand the effects of terrorism. It has in general developed comprehensive anti-terrorist legislation over a number of years. Approach to AML/CFT had in the past been predicated on the assumption that taxation laws would capture any elements of what was deemed to be the 'black' economy. International events have shown the requirement to review this approach. As such India has sought to introduce specific AML/CFT legislation. PMLA was passed to establish a centralized AML/CFT system

The Prevention of Money Laundering Act (PMLA), 2002

The Prevention of Money Laundering Bill was drafted in 1998 and was passed in 2002. As per the Act, whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of ML. Whosoever commits the offence of ML shall be punishable with rigorous imprisonment for a term which shall not be less than 3 years but which may extend to seven years and shall also be liable to fine which may extend to Rs. 5 lakhs. In case of offences under Part A of schedule to the Act the punishment may extend to 10 years.

The Act requires all the financial institutions to maintain a record of certain prescribed transactions, furnish information of such transactions to the Director; and verify and maintain the records of the identity of all its clients. Furnishing of the information as required under this act is protected by law from any civil proceedings.

According to the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of transactions, the procedure and manner of maintaining and time for furnishing information and verification and maintenance of records of the identity of the clients of the Banking companies, financial institutions and intermediaries) rules 2005 every financial institution is required to maintain a record of

A) All cash transactions of the value of more than Rs. 10 lakhs or its equivalent in foreign currency

B) All series of cash transactions integrally connected to each other which have been valued below rupees 10 lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month

C) All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place

D) All suspicious transactions whether or not made in cash

Records shall contain the nature of the transactions; the amount of the transaction and the currency in which it was denominated; the date on which the transaction was conducted and the parties to the transaction. They shall be maintained in hard and soft copies. They should be maintained for a period of 10 years from the date of cessation of the transactions between the client and the financial institution.

Vulnerability of Insurance sector:

Insurance sector, like other financial services, is exposed to the threat of ML with various products that are being provided like risk transfer, savings and investment products. It could be attractive to money launderers seeking to place funds into a financial product that will provide them with a reliable, clean return of funds invested.

The worldwide insurance industry generates premiums in the range of US$ 2.941 trillion and is highly vulnerable to ML/TF. Life insurance and general insurance can be used in different ways by money launderers and terrorist financiers. The vulnerability depends on factors such as the complexity and terms of the contract, distribution, method of payment and contract law.

Across the whole insurance sector, life insurance appears to be by far the area most attractive to money launderers. The most common form of money laundering that insurance institutions will encounter takes the form of a proposal to enter into a single premium contract, where the customer actually does not seek insurance coverage but an investment opportunity and adding lump sum top-ups to an existing life contract.

In general insurance it takes the form of fraudulent claims or insurance of assets procured out of illegal money. Considerable set of evidence shows that there are various instances of crimes related to general insurance which may not be confined to mere instances of fraud, but possess all the features of ML. The focus by the general insurance industry on claim fraud may underplay the extent of ML from two different perspectives. Firstly, where goods are purchased with illegal money, the subsequent taking out of a policy and payment of a claim by the insurer results in funds of illegal origin being laundered, regardless of whether the underlying claim is fraudulent, or not. Secondly, law enforcement agencies, when investigating the misuse of general insurance products, may direct their main effort towards establishing proof of fraud, without tracing the origin of the funds further.

International Association of Insurance Supervisors (IAIS):

The IAIS has given AML/CFT a high priority as the need to implement 40+9 recommendation issued by FATF is strongly realized by insurance supervisors around the world. Accordingly, Insurance Core Principles (ICP) 28 was issued which requires the recommendations of the FATF as applicable to the insurance sector and to insurance supervision must be satisfied by the insurance industry.

Indian scenario:

In an effort to adopt and implement measures designed to counter the use of the financial system by criminals, India is implementing the 40+9 recommendations of FATF.

Financial Intelligence Unit-India (FIU-IND):

Financial Intelligence Unit – India (FIU-IND), an independent body reporting directly to the Economic

Intelligence Council (EIC), was set up by the Government of India vide O.M. dated 18th November 2004 as the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions. FIU-IND is also responsible for coordinating and strengthening efforts of national and international intelligence, investigation and enforcement agencies in pursuing the global efforts against ML and related crimes.

Guidelines on AML to Insurance sector:

IRDA was given powers to issue guidelines to the insurance industry vide gazette notification no. 15/2005-ES/F No.6/9/2005-E.S dt.13th December 2005. They were issued on 31st March 2006 after considering views from the Industry. It requires AML program to be implemented from 1st August 2006.

A statutory duty is now imposed on insurance companies, who knows or suspects that any property in whole or in part directly or indirectly represents the proceeds of drug trafficking or of an indictable offence, or was or is intended to be used in that connection, to make a disclosure to the Director, FIU-IND. The obligation to establish an AML program applies to an insurance company, and not to its agents, and other intermediaries.

Presently, companies that offer standalone medical/health insurance, reinsurance and retrocession contracts, group insurance business, term life insurance contracts where the business is less vulnerable to ML do not come under the ambit of guidelines. Each company should have an AML policy and file a copy with IRDA. They should appoint a Principal Compliance Officer who is entrusted with the responsibility of implementation of the Company's policy.

An AML program at a minimum, include:

- Internal policies, procedures, and controls;
- Appointment of a Principal compliance officer;
- Recruitment and training of employees/agents;
- Internal Control/Audit;
- **Know Your Customer (KYC) norms**

These norms play a very vital role in implementation of the guidelines. The quality of these norms is one of the pivotal factors on which the system of AML controls hinges, since it allows the identification of ML risks. Failure to undertake identification and verification procedures in an adequate and timely fashion increases the possibility of ML going undetected. According to the guidelines insurance company should make reasonable efforts to determine and document the true identity of **all customers** requesting for its services. It should be an on-going process. It also covers the existing customers who entered into contract from the cut-off date of 01/01/2006 (Modified vide a circular issued on 27th July 2006). The norms requires customers' source of funds, his estimated net worth etc., -to be documented to establish his need for insurance cover. Further, insurers should not enter into a contract with a customer whose identity matches with any person with known criminal background or with banned entities and those reported to have links with terrorists or terrorist organizations.

The companies are advised to classify the customer into high risk and low risk, based on the individual's profile. A threshold of Rs. 1 lakh per annum is fixed to decide upon the extent of due diligence.

- Importance of screening procedures when hiring employees/agents/corporate agents has been emphasized.
- On-going Training on AML should be imparted to employees/intermediaries
- With a view to ensuring that premiums are paid out of clearly identifiable sources of funds remittances of premium beyond Rs. 50,000/- should now be remitted only through banking channels.
- Suspicious Transaction Reports (STR)/Cash Transactions Reports (CTR) are to be submitted to FIU-IND. STRs should be submitted the relevant law enforcement authorities within 3 working days of identification in the prescribed formats.. CTRs should be reported by 15th of next succeeding month.
- The insurer/agents/corporate agents are required to maintain the records of types of transactions mentioned under Rule 3 and Rule 10 of PMLA Rules 2005 for a period of 10 years.
- Insurance companies' internal audit/inspection departments should verify on a regular basis, compliance with policies, procedures and controls relating to money laundering activities. Exception reporting under AML policy should be done to Audit Committee of the Board.

There has been growing concern across the world on vulnerability of general insurance industry to ML risks. In view of this, it is felt that general insurance industry should not be exempted from the ambit of the guidelines all together. However, keeping in mind that general insurance products are

- Less vulnerable to money laundering,
- Essentially short term contracts and claims are paid after detailed investigation and settlement procedures.
- In view of the very large number of retail customers buying general insurance protection with low premia, adherence to KYC norms for small premium amount would be burdensome and not commensurate with the costs involved

And based on the general experience that general insurance products are comparatively more vulnerable to frauds and other risks including money laundering at the stage of invocation of claims, rather than at the customer acceptance stage general insurance companies are required to comply with the guidelines at the payout/refund stage where they are perceived to be vulnerable to such a risk. Accordingly, the AML norms pertaining to KYC, should be applied by general insurance companies in respect of all policies at the settlement stage and where claims payout/premium refund cross a threshold of Rs. 1 lakh per claim/premium refund. They are required to establish procedures, at the stage of customer acceptance to avoid unwitting involvement in insuring assets bought out of illegal funds to mitigate possible reputational and other operational risks. Guidelines with these relaxations would be implemented by general insurance companies prospectively from January 1, 2007.

increasing global nature of insurance markets and the need for consistent supervisory standards and practices. In addition, it recognizes the important contribution that strong supervisory regimes leads to financial stability. The IAIS provides an effective forum for standard-setting and implementation activities by providing opportunities to both practitioners and policy makers to share their expertise, experience and understanding.

The IAIS's activities are undertaken with active guidance of its Executive Committee, which comprises of 15 voting members elected from different regions of the globe and the Chair of the Budget Committee who is an ex-officio non-voting member. This is complemented by the Technical Committee, the Implementation Committee and the Budget Committee, supported by their working parties. The day-to-day business and affairs of the IAIS are taken care of by its Secretariat, located at the Bank for International Settlements in Basel, Switzerland.

The IAIS develops principles, standards and guidance for effective insurance supervisory regimes. In doing so it helps to establish and maintain fair and efficient insurance markets for the benefit and protection of policyholders. The IAIS also prepares 'issue papers' that provide background on specific areas of interest to insurance supervisors.

The IAIS collaborates closely with other international financial institutions and international associations of supervisors or regulators and assists in shaping financial systems globally. In particular the IAIS is one of the constituting bodies of the Joint Forum and participates in all of its working groups. It is also represented on the Financial Stability Forum. The IAIS provides input to the International Accounting Standards Board (IASB) for its work on the international financial reporting standards most relevant to insurers, and is a member of the IASB's Standards Advisory Council as well as an official observer of its Insurance Working Group and Financial Instruments Working Group. It also has observer status on the Financial Action Task Force, which combats money laundering and terrorist financing.

The Authority is represented by its Chairman on its Executive Committee and by Members on the various Committees of IAIS looking into insurance contracts, accounting aspects, insurance laws, reinsurance, financial conglomerates etc.

Joint Forum Working Group on Conglomerate Principles

The Joint Forum, which was formed in the early 1990s comprising of the three international bodies on regulation of financial sector, viz., BIS, IAIS and IOSCO, has been entrusted with the task of evolving policy papers on conglomerate supervision with particular reference, to capital requirements, risk management, fit and proper criteria, information sharing with supervisors, intra-group transactions and exposures etc. Initially, this was meant for the use of G7 and European Union countries. The Joint Forum recently constituted a Working Group with a mandate to take stock of the implementation of the principles laid down in the papers of the Joint Forum by its member countries and by other jurisdictions. The Forum is keen to understand the approach of various jurisdictions across the globe on conglomerate supervision. There is also a felt need to compile comprehensive information on the actual policies in various countries on conglomerate supervision and cross border supervision issues for future work. In order to meet the objectives of the Forum, the Working Group has been constituted with the existing member countries plus three non-Member jurisdictions, one each from Asia, Africa and Latin America to understand the approach in the adoption of the underlying ideas and principles of Joint Forum on conglomerates by various countries in the world.

The Indian Sub-Continent is represented by the Member (F&I) of the Authority on the Joint Forum Working Group on Conglomerate Principles at Basel, Switzerland.

v) Public Grievances

While framing the regulations for the insurers, the Authority keeps in mind the primary objective of protecting the interests of and secure fair treatment to policyholders. Consistent with this, the Authority has set up grievances redressal cell in IRDA and tries to ensure speedy redressal of the complaints received from the policyholders of life and non-life insurance products. Policyholders who have complaints against insurers are required to first approach the Grievance / Customer Complaints Cell of the concerned insurer. If they do not receive a response from insurer(s) within a reasonable period of time or are dissatisfied with the response of the company, they may approach the Grievance Cell of the IRDA. As claims / policy contracts in dispute require adjudication and the IRDA does not carry out any adjudication, insureds are advised to approach the available quasi-judicial or judicial channels, i.e., the Insurance Ombudsmen. Their contract details are available at Annex. During the year under review, 2918 grievances were made in both life and non-life segments of which 1527 were against non-life insurance companies and the remaining 1391 against life insurance companies.

Non-Life Insurers

Of the 1527 grievances received, 1331 pertains to public sector companies and the remaining were for the private sector companies. As on 31st March 2005, there were 730 grievances pending with the general insurance companies for resolution. Of the total grievances of 2257, 75 per cent of the grievances were resolved in the current year, compared with last year there has been a slight improvement in disposing of the grievances in the current year. 73 per cent of the complaints were resolved by public sector companies as against 93 per cent resolved by the private sector.

As on 31st March, 2006, 565 grievances were pending for resolution with the insurers. Of which 550 are with public sector companies and the remaining with the private sector. Of the total pending grievances 51 per cent relate to non-settlement / delay in settlement of claims, 27 per cent to non-renewal / non-issuance / cancellation of policy documents. 17.9 per cent relate to repudiation / partial settlement of claims and the remaining for other reasons.

TABLE 24

STATUS OF GRIEVANCES — NON-LIFE INSURERS (2005- 06)

Insurer	Total grievances			Resolved during the year	As on 31st March, 2006	Break up according to nature of grievance			
	As on 31st March, 2005	Reported during the current year	total			(i)	(ii)	(iii)	(iv)
Public Sector	707	1331	2038	1488 (73.01)	550	279	101	149	21
Private Sector	23	196	219	204 (93.15)	15	9	0	6	0
Total	**730**	**1527**	**2257**	**1692** (74.97)	**565**	**288** (50.97)	**101** (17.88)	**155** (27.43)	**21** (3.72)

Note: Figures in brackets are percentages to the respective totals

(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

Life Insurers

Complaints received from policy holders against various life insurance companies are being tracked by the Authority as they provide us some valuable inputs as to the marketing practices adopted. During the year 2005-06 IRDA has received 1391 complaints against various insurance companies. These complaints pertain to issues relating to non-receipt of policy document, non-settlement of claims, surrenders, delay in unitization of premiums, annuity related and non-receipt of premium refund on exercising cancellation during cooling off period etc.

TABLE 25

STATUS OF GRIEVANCES — LIFE INSURERS (2005- 06)

Insurer	Total grievances			Resolved during the year	Pending as on 31st March, 2006	Break up according to nature of grievance			
	As on 31st March, 2005	Reported during current year	total			(i)	(ii)	(iii)	(iv)
Public Sector	992	851	1843	467	1376	109	212	590	465
Private Sector	133	540	673	270	403	36	92	157	118
Total	**1125**	**1391**	**2516**	**737**	**1779**	**145**	**304**	**747**	**583**

It has been noticed by the Authority that some complainants tend to take up their grievances with various redressal channels simultaneously. To discourage this, the IRDA has made it clear that complainants ought to first exhaust the redressal channel available in the insurance companies and then approach the IRDA Grievance Cell, if necessary. This message has been put up on the Authority's website, for information of all policyholders.

As such with effect from 1st April, 2006, the Authority started registering complaints that are directly addressed to the Grievance Cell of the IRDA and is not registering complaints based on copies of communications addressed to the insurers. Hence the data relating to grievances registered by IRDA for the half year ending September, 2006 reflects only complaints that are directly addressed to the IRDA.

Non-Life

703 grievances were directly reported to IRDA during the first half of the current financial year. Of these 538 were towards public sector non-life insurance companies, and the remaining for the private sector companies. Public sector companies resolved 177 grievances and private insurers resolved 68 grievances. As on 30th September 2006, 458 grievances are pending with the insurers.

TABLE 26
STATUS OF GRIEVANCES – NON-LIFE INSURERS (HALF YEAR ENDED SEPTEMBER, 2006)

NAME OF THE INSURER	Reported During Apr. 06 - Sept. 06	Of which resolved	Pending as on 30.9.2006
Public	538	177	361
Private	165	68	97
Total	**703**	**245**	**458**

Life

During first half of current financial year 525 grievances were directly reported to IRDA out of which 233 pertain to public sector while 292 pertain private sector insurance companies. Of the 233 complaints, public sector resolved 34 cases. Private insurers resolved 159 cases out of 292 cases. As on 30th September 2006, 332 grievances are pending with the insurers.

TABLE 27
STATUS OF GRIEVANCES - LIFE INSURERS
(HALF YEAR ENDED SEPTEMBER, 2006)

NAMEOF THE INSURER	Reported During Apr. 06 - Sept. 06	Of which resolved	Pending cases as on 30.9.2006
Public	233	34	199
Private	292	159	133
Total	**525**	**193**	**332**

The Authority in order to safeguard the interests of the policyholders has been intervening with the companies for early settlement of the grievances. In addition, review meeting with the customer services / grievances redressal department of the insurers was held for increasing the disposal rates by the insurance companies thus reducing time-lag for settlement of claims.

vi) Insurance Associations and Insurance Councils

Life Insurance Council

Life Insurance Council is a statutory body under 64J of the Insurance Act 1938. It is a forum of licensed life insurers with functions of setting up Codes of Conduct, Standards of Service, advising IRDA on management expenses of life Insurers, brings to the attention of IRDA, matters relating to errant insurers etc. The Council held several meetings during the year 2005-06 and some of the core issues that were discussed were on ULIP product guidelines, Declined Lives Database of Life Insurance sector, Anti Money Laundering guidelines, Code of Conduct relating to Unit Linked Insurance Products, New Syllabus for agents examinations, Common Proposal and Policy Formats etc. It was also decided that the Council will meet once a quarter and the Sub Committees could meet more frequently and report to the Council. Council has also approved Constitution of an external committee to draft guidelines for making recommendation to IRDA on waiver of limitation of management expenses A group was also constituted to work with IRDA for formulating a statistical information system through data to be collected from all insurers. IRDA has also taken the views of the Council Members on the draft of new rural and social sector obligations. On several issues the IRDA has followed the practice of getting the industry's views through the Council. The Council has come to stay as a regular forum of interaction between the IRDA and the Life Insurance Industry. It is the intention of IRDA that the Council emerges 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 General Insurance Council is moving towards establishing itself as a self regulating organization (SRO). The Council has setup its Secretariat at Mumbai and Shri K.N. Bhandari has been appointed as Secretary General. The Council is actively engaged in moving towards a detariff scenario. During the financial year 2005-06, the Council held five meetings and discussed:

a) the role and functions of the Council and decided that the Council will function as an Industry Association, and will liaise with the Government and IRDA and submit the views and concerns of the industry on various issues. Further the Council will address issues in respect of market conduct.

b) Implementation of the proposed motor insurance Pool.

c) Setting up of a Natural Catastrophe Pool. A Working Group has been set up to deliberate and recommend the functioning of the proposed pool.

d) Met the representatives of the Broker Association and discussed issues of common interest.

e) Modalities on the settlement of insurance claims related to Mumbai Floods so as to ensure that the effected policyholders are not put to any inconvenience.

f) New scheme for management of Solatium Fund which at present is managed by New India Insurance Co. Ltd. All non-life insurers doing motor business are contributing to this scheme.

vii) Insurance Advisory Committee

The first meeting of the Insurance Advisory Committee was held on 22nd March, 2004. It was reconstituted on 6th June 2005 and the reconstituted Committee met on 17th August 2005 and deliberated *inter alia* 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 List of members of the reconstituted Committee is at Annex xi.

viii) Functioning of Ombudsman

The information on the complaints handled by the Ombudsmen in 2005-06 is at Table 28. The total number of complaints as on March 31,2006 were 11161.The disposal rate was 83 per cent in the current financial year same as in the previous year. The total number of complaints as on March 31,2006 in the case of life insurers were 5526, of these 5206 were against public sector insurer. In the case of non-life insurance, the total number of complaints as on March 31,2006 were 5635, of these 5309 were against public sector insurers. During 2004-05, 393 complaints were received against private sector life and general insurance companies. This year complaints have increased to 551. During 2005-06, while disposal rate for life segment was 89 per cent, it was 76 per cent for the non-life segment. Similarly the number of complaints pending beyond one year were 220, which is much higher than the previous year's figure of 12. The number of awards and recommendations made by Ombudsmen during the current financial year was 1932 as against 2873 in 2004-05 and amounted to Rs. 9.16 crore as against Rs. 9.94 crore during the financial year 2004-05. The average size of award / recommendation this year was Rs 47389/- as against Rs. 34,632/- in the previous year.

TABLE 28

DISPOSAL OF COMPLAINTS BY OMBUDSMAN: 2005-06

	Particulars	No. of complaints as on '05	No.of complaints from 1.04.05 to 31.03.06	Total No. of complaints	Complaints disposed	No. of complaints disposed off by way of: Recommendation	Awards	Withdrawal/ settlement	Non Acceptance	Dismissal	Not Entertainable	Complaints Outstanding
Life	Public	502	4704	5206	4677	134	510	1195	198	364	2276	529
	Private	45	275	320	248	7	20	70	14	36	101	72
	Total	**547**	**4979**	**5526**	**4925**	**141**	**530**	**1265**	**212**	**400**	**2377**	**601**
					(89.12)	***(2.86)**	***(10.76)**	***(25.69)**	***(4.3)**	***(8.12)**	***(48.26)**	**(10.88)**
Non-Life	Public	1491	3818	5309	4063	192	1019	733	67	681	1371	1246
	Private	50	276	326	227	3	47	37	5	47	88	99
	Total	**1541**	**4094**	**5635**	**4290**	**195**	**1066**	**770**	**72**	**728**	**1459**	**1345**
					(76.13)	***(4.55)**	***(24.85)**	***(17.95)**	***(1.68)**	***(16.97)**	***(34.01)**	**(23.87)**
Combined		**2088**	**9073**	**11161**	**9215**	**336**	**1596**	**2035**	**284**	**1128**	**3836**	**1946**
					(82.56)	***(3.65)**	***(17.32)**	***(22.08)**	***(3.08)**	***(12.24)**	***(41.63)**	**(17.44)**

Note : * represents percentages to the respective complaints disposed.

ix) Committees

The Authority has set up a committee to look into the existing grievance redressal systems of insurance companies and suggest improvements in them. The terms of reference of the committee include suggesting modifications, if any, to the Regulations for Protection of Policyholders' Interests, 2002.

RBI/ SEBI/ IRDA Technical Committee

The Government of India constituted a High Level Coordination Committee on Financial and Capital Markets (HLCCFCM) for regulatory coordination and resolving inter-regulatory policy issues, besides regularly reviewing and monitoring the position of financial/ capital markets. The HLCCFM addresses the policy issues of coordination of regulatory gaps and overlaps among various regulators and concerns regarding regular review of the position of the financial/ capital markets would be addressed by constitution of separate technical committees. In case of any policy matter of wider interest, requiring inter-regulatory coordination, the committee would inform the Ministry of Finance to call a meeting of HLCCFCM.

The HLCCFM decided in October, 2003 to set-up 3 Technical Committees one each on RBI/ SEBI/ IRDA Regulated Entities. The Committee set-up by IRDA was required:

i) 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 on the part of insurance companies.

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

In line with the above approach RBI and SEBI also set-up similar Technical Committees with representative of IRDA. The Technical Committee during 2006 discussed common issues arising out of:

1. flow of funds to the capital markets.
2. exposure to capital markets
3. operationalizing the information system for supervision of Financial Conglomerates
4. operationalizing the revised Integrated system of Alerts

The consultations have helped in resolution of inter-regulatory issues and in the enhancement of supervisory coordination and sharing of information.

Financial Conglomerates

The financial sector in India has undergone significant liberalisation in all the four segments - banking, non-banking finance, securities and insurance and each of these sectors has grown significantly accompanied by a process of restructuring among the market intermediaries. The financial landscape is increasingly witnessing (i) entry of some of the bigger banks into other financial segments like merchant banking, insurance, etc. which has made them financial 'conglomerates'; (ii) emergence of several new players with diversified presence across major segments and (iii) possibility of some of the non-banking institutions in the financial sector acquiring large enough proportions to have a systemic impact.

From a regulatory perspective, above developments have led to an appreciation of the limitations of the segmental approach to supervision in addressing the following potential risks associated with conglomeration:

1. The moral hazard associated with the 'Too-Big-To-Fail' position of many financial conglomerates;
2. contagion or reputation effects on account of the 'holding out' phenomenon;
3. concerns about regulatory arbitrage, non-arm's length dealings, etc. arising out of Intra-group Transactions and Exposures (ITEs) both financial and non-financial.

An inter-regulatory Working Group constituted by RBI with members drawn from RBI, SEBI and IRDA proposed a list of 28 SIFIs based on set criteria and to devise a monitoring/reporting system encompassing the following:

(i) a reporting system for SIFIs on financial matters of common interest to RBI, SEBI and IRDA;

(ii) the reporting of intra-group transactions of a Financial Conglomerate; and

(iii) the exchange of relevant information among RBI, SEBI and IRDA.

Based on the above criteria around 22 Financial Conglomerates were identified of which IRDA was made the principal regulator for collecting and reviewing financial data pertaining to:

1. Life Insurance Corporation of India
2. TATA AIG Life Insurance Company Limited for the TATA Group
3. Birla SunLife Insurance Company Limited for the Birla Group
4. Bajaj General Insurance Company Limited for the Bajaj Group

The financial conglomerates are furnishing information which is being analysed 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.

As part of the supervision of the Financial Conglomerate, the principal regulators hold half yearly discussion with the financial conglomerate under its charge. The meetings with the Chief Executive officer of the group cover, *inter alia,* the following issues:

- The ‘mission/ vision’ of the conglomerate indicating the focus area, business strategy, etc for the next 3 years
- Organizational structure of the Group which includes the SPVs, entities sharing common brand name, etc.
- Stability of management in group entities – succession planning
- Group-wide control mechanism
- Approach to group-wide risk management systems and group-wide oversight
- Systems in place to monitor level of risk concentration/ build up of any disproportionate exposures of any entity to other group entities
- Board approved policies for ITEs and prudential ceilings for intra-group exposures
- Broad accounting policy of the group with particular reference to ITEs as it has accounting implications for consolidation of accounts at the group level
- Systems in place to comply with ‘arms length’ principle in regard to ITEs
- Approach to public disclosure of information on intra-group transactions and exposures (ITEs)
- MIS in place or planned for collecting information/ inputs for cross-border and cross sector activities and ensuring integrity of data
- Selling of financial products/ services of group entities
- Policy on outsourcing of activities with particular reference to direct selling agents (DSA)
- Systems of internal control and audit to verify adherence to guidelines of the regulators and internal policies of the conglomerate
- Group-wide liquidity management policy, if any
- Group-wide capital adequacy, if any
- Systems to ensure high level of corporate governance
- Applicability of ‘fit and proper’ norm of managers, directors and key shareholders who direct/ influence the working of the entities.

IRDA would be taking up the discussions on the conglomerates for which it acts as the Principal Regulator shortly.

World Trade Organization (WTO)

The WTO has been set-up to provide a forum for countries to come on a common platform and the World Trade Organization (WTO) deals with the rules of trade between nations at a global or near-global level. The bulk of the WTO's current work comes from the 1986–94 negotiations called the Uruguay Round and earlier negotiations under the General Agreement on Tariffs and Trade (GATT). Under the WTO, the Indian Government has outlined its position on matters pertaining to conduct of insurance business in the country consistent with the provisions of the laws.

Working Group on Health Insurance

IRDA constituted a Working Group on Health Insurance in September, 2003 to promote and develop Health Insurance in the country. The Working Group set up the Health Insurance Data Sub-Group which in turn recommended the setting up of the following three sub-committees:

1. Sub-committee for Health Insurance data: to implement the recommendations of the Health Insurance Data Sub Group.
2. Sub-committee to examine Product Innovations in Health Insurance and the definition of 'Pre-existing disease.'
3. Sub-committee on registration of Stand-alone health insurance companies.

The sub-committees have since submitted their reports. On the recommendation of the sub-committee to examine Product Innovations and the definition of 'Pre-existing disease', the Rural Health Insurance sub-group was set up to give special focus to rural health insurance.

x) Review of Advisory Functions performed by the Authority

Permission for Opening/ Renewal of Liaison Office in India by an insurance company registered outside India

Permission to open liaison office by an insurance company registered outside India was being granted by the Reserve Bank of India till February, 2005. The Government of India in consultation with RBI and IRDA decided that the procedure for grant of permission to open liaison offices in India by insurance companies registered outside India should vest with the IRDA. Accordingly, the IRDA laid down in December, 2005 the procedure to be followed in case of new applications and the renewals of permission granted by RBI. For this purpose a liaison Office has been defined to mean a place of business to act as a channel of communication between the principal place of business or Head Office by whatever name called and entities in India but which does not undertake any commercial /trading/ industrial activity, directly or indirectly. The office should maintain itself out of inward remittances received from abroad through normal banking channel.

The permission for opening of liaison office in India by an insurance company registered outside India are subject to the terms and conditions as may be additionally stipulated by the IRDA from time to time. The IRDA has prescribed an application form (IRDA-FIC-1) for submitting requests for opening of liaison offices. The existing liaison offices approved earlier by RBI would need to seek IRDA's approval for renewal thereof on expiry of the earlier approval.

After IRDA was entrusted with the responsibility to regulate opening of liaison offices by insurance companies, 12 licenses (including renewal) have been issued. The liaison offices of insurance companies in both life and general insurance / reinsurance sector operating in India are 1) Scor, France 2) QBE, Australia 3) Sompo Japan Insurance, Japan 4) Tokio Marine & Fire Insurance Co Ltd, Japan 5) Royal & Sun Alliance, UK 6) Russian Insurance Centre, Russia 7) Singapore re, Singapore 8) Samsung Life Insurance CO Ltd, South Korea 9) RGA Services India Pvt. Ltd, USA 10) Prudential Insurance Company of America, USA 11) ING Insurance International B.V., Netherlands 12) Munich Re, Germany

PART III
STATUTORY FUNCTIONS OF THE AUTHORITY

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

Insurer:

The Authority has granted certificate of commencement of business to two insurers namely M/s. Bharti AXA Life Insurance Company Ltd., and M/s. Star Health and Allied Insurance Company Ltd., during the year. The Authority has received R1 application from M/s. PNB Principal Life Insurance Company for grant of registration of certification which is under process. The certificate of registration issued to the existing life and non-life insurance companies have been renewed in terms of Section 3 (A) of Insurance Act, 1938. The Authority has not imposed any penalty on any 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.

Broker:

The Authority suspended the licenses of the following brokers for contravention of the provisions of the IRDA (Insurance Brokers) Regulations 2002. The broking license of M/s. Just Insure Brokers Ltd. was suspended on 01.06.05 when it came to the notice of the Authority that broking company was working without a Principal Officer. The broking license of M/s. Vision Ins. Risk Analysis Management & Brokers Pvt. Ltd. was suspended on 13.07.05 on account of its failure to obtain the professional indemnity insurance cover on time. It was revoked on 27.09.05 after the same was taken and a copy of professional indemnity policy cover was submitted to the Authority. The broking license M/s. Sage Ins. Brokers Pvt. Ltd. was cancelled on 23.02.06 on account of furnishing of false information and suppression of material information in the application made to the Authority to obtain license. The broking license M/s. Sterling General Ins. Brokers was cancelled on 24.03.06 as the broking company had surrendered the direct insurance broking license granted to it. The broking license M/s. Inspire Ensurance Broking Solutions Pvt. Ltd. was cancelled 20.06.05 as the broking company had surrendered the direct insurance broking license granted to it. Total number of new licenses issued in the financial year are 31 and renewed licenses are 35.

TPAs:

The Authority had issued licenses to (1) M/s. Safeway Mediclaim Services Limited and (2) M/s. Anmol Medicare Limited under the provisions of TPA (Health Services) Regulations, 2001.

Licenses of 1) Raksha TPA Private Limited 2) TTK Healthcare Services Private Limited 3) Anyuta Medinet Healthcare Private Limited 4) East West Assist Private Limited 5) Med Save Healthcare Limited 6) Genins India Limited 7) Bhaichand Amoluk Insurance Services Private Limited 8) Alankit Healthcare Limited 9) Good Health Plan Limited were renewed during the year 2005-2006. TPA License of M/s. ICAN Healthcare Limited was not renewed as the company was found lacking in performing its duties and also for want of professionalism in conducting its affairs. Enquiry against two TPAs M/s. Universal Medi-Aid Services Ltd. and M/s. Focus Healthcare Pvt. Ltd., are currently in process as it is alleged that they are not following the norms prescribed under IRDA-TPA (Health Services) Regulations, 2001 properly. As on date, 26 TPA companies are holding license to act as a TPA (Health Services).

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.

The Mission Statement of the Authority attaches lot of importance to the protection of the interests of policyholders. To achieve this, the Authority has set up a cell to handle grievances against insurers. Grievances received by the Authority are taken up with insurers for examination/re-examination and speedy resolution. A greater awareness among policyholders was seen about the existence of a Grievance Cell at the Authority. There is a diligent endeavour on the part of the Authority to speed up resolution through follow up with insurers and review meetings with their Grievance Redressal Cells or departments. The Regulations for Protection of Policyholders' interests, 2002 require every insurer to have an effective grievance redressal system. In an effort to make the existing systems more effective and with a view to ensuring that grievances of policyholders are redressed in the first instance at the level of the insurer, the Authority set up a Committee under the Chairmanship of Shri. Vepa Kamesam, Managing Director of Institute of Insurance and Risk Management, to look into the grievance redressal systems now existing in the insurance companies and to suggest modifications.

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 42D of the Insurance Act, 1938. The Authority has issued guidelines for offline agents' training institutes in the October 2004 and for online agents' training institutes in May 2005.

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.

The Authority also prescribed technical checks to be complied with by the online training institutes. In addition to that IRDA issued a notice on 23rd June 2006 regarding (i) *Opening of more than one Login (multiple Login) on same computer as well as Login by same user ID/ password on different machines at the same time is not permissible and (ii) The Training Institutes must have only one domain to launch the IRDA accredited online training for Life and General Insurance. Use of more than one domain is not permissible.*

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

The code of conduct for surveyors and loss assessors is specified in the IRDA Regulations for Surveyors and Loss Assessors, 2000. In order to promote self-regulations and professionalism among the surveyors, the Authority at the behest of the Ministry of Finance (which accepted the recommendations of the Bhandari Committee) had set up the Indian Institute of Insurance Surveyors and Loss Assessors (IIISLA) on 4th October, 2005. IIISLA is registered under Section 25 of the Companies Act, 1956. The objectives of IIISLA, *inter alia*, include administration of code of conduct and ethics among the surveyors and loss assessors and ensuring compliance of the same.

e) Promoting efficiency in the conduct of insurance business

The Authority raised the limit of losses required to be surveyed by a licensed surveyor and loss assessor for settlement of claims for the flash floods in Surat, Gujarat as a special case for a period of two months from the date of issue of the order. The insurers were permitted to utilize the services of in-house surveyors for assessing losses. This special dispensation was given to insurers to ensure expeditious disposal of claims and for mitigating hardships to policyholders affected by the flash floods.

While setting in motion a road map for detariffing the general insurance business by the end of December, 2006, the Authority simultaneously addressed the problem in regard to denial of motor insurance cover by some insurers. As data becomes important while moving towards detariffed regime, the Authority stressed the need for supply of quality data from the insurers. The Authority has taken initiatives in leading the life insurance council and the general insurance council towards becoming self regulatory organizations. They are advised to discuss issues relating to bringing in efficiency in to the insurance markets and convey the views of the industry to the Authority. The Authority has also put in place regulations on micro-insurance and expect that micro- insurance if spread in a proper way would provide relief to the vulnerable sections of the population.

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

Institute of Insurance & Risk Management (IIRM)

IIRM, in order to achieve its mission of spreading insurance education, continues to get cooperation from international bodies, relevant institutions and Insurance regulatory authorities. IAIS held a programme in Hyderabad, which is a 3-day seminar on “Regulatory Issues for Senior Officers of Insurance Regulatory Agencies”. During the year, IIRM initiated steps for securing affiliation from Chartered Insurance Institute (CII), London and the final affiliation would be granted in July 2006. IIRM continues to enjoy a good working relationship with CII, London, which was further strengthened by the visit of the Managing Director in May 2006. IIRM continues to have the support of visiting faculty both from the professionals in the industry and academia for providing necessary training inputs. The Bancassurance programme at Hyderabad and Chennai was conducted between January and March, 2006 for participants from the Indian banks. The report on a research project ‘Credit Risk – Firm, Industry and Macro Economic Factors’ conducted by IIRM was received in March 2006, from Prof. Ashok Thampy.

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 per cent of 1 per cent 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 financial year 2005-06 was the sixth year of operations of insurance companies, post opening up of the sector. While the Authority has been contemplating commencement of comprehensive on-site inspection, it was considered that the registered entities should be allowed time to stabilize operations prior to taking on full scale inspection. In the meantime, as an interim measure, based on concerns which arose at different points in time, the Authority has taken up targeted on-site inspections. Other than targeted inspections (including those related to market conduct issues), the Authority has been carrying on Investment Audit of the regulated insurance entities effective 2001-02. While these inspections were initially limited to select companies, for 2005-06, the investment inspections were carried out for all insurers across the board. The Authority proposes to put in place a comprehensive supervisory process to evaluate operations of the companies and their compliance with the supervisory and regulatory prescriptions on both the financial and non-financial matters.

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)

Based on the experience gained so far, and taking into consideration the feed back received from the insurers, Authority issued revised File and Use guidelines on 28th September, 2006. These guidelines are issued in view of the detariffing all classes of general insurance business effective from 1.1.2007 and supersede any earlier guidelines. These guidelines, followed by Authority's direction dated 4th December 2006 for detariffing of all classes of general insurance business with effect from 1.1.2007 apply to all general insurance products. Authority has also prescribed a schedule of premium rates applicable to Third Party insurance, which is mandatory under the MV Act 1939. The general insurers would be charging third party premium rates as per this schedule.

While scrutinizing the applications for approval of products filed under the File & Use guidelines, the Authority keeps in mind the key areas pertaining to: underwriting philosophy of insurers, basis of rating, claims management, marketing, consumer service parameters etc., apart from ensuring that the Regulations such as those relating to Advertisements, Protection of Policyholders' interest are followed.

The Authority has also directed the General Insurance Council to set up a Pool for sharing the motor third party insurance amongst all insurance companies transacting motor insurance business in India. The Pool will come into operation from 1st January 2007 and would be administered through the General Insurance Corporation, being the Indian Reinsurer.

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 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 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) constraints in verifying and processing applications received and (ii) the need to provide more opportunities to eligible audit firms the Authority dispensed with the system of maintaining the panel and instead laid down the requirements to be complied with by firms seeking appointment as statutory auditors of insurance companies. The insurers can appoint those satisfying the requirements as auditors. 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. The Committee is presently examining (i) disclosure requirements for Unit Linked Products in the financial statements of life insurers to ensure greater transparency in reporting; (ii) laying down procedural guidelines on handling of claims and accounting there of in respect of life insurers; and (iii) the feasibility of permitting insurance companies to invest in real estate.

k) Regulating investment of funds by the insurance companies

The Authority closely monitors timely submission of returns by the insurers including e-submission. This is to ensure that there is no delay in sending the returns through conventional channels. The scrutiny of the yearly returns by IRDA is focused on compliance of the companies with the prescribed pattern of investments and other prudential norms on exposures to individual, group companies and to industries. Other than certain minor non-compliance with procedural requirements relating to investments, the scrutinies have not revealed any significant deficiencies or non-compliances by insurers. The insurers have also taken action to comply with IRDA instructions before submission of the returns for the next quarter. The returns also provide useful data on the quantum of investments of the sector by way of various instruments and the direction of investments. The Authority had recently formed a Working Group to examine the various aspects of investment regulations in the light of scrutiny and the overall developments in the financial sector.

l) Regulating maintenance of margin of solvency

Every insurer is required to maintain a required Solvency Margin as per the Section 64 VA of the Insurance Act 1938. Every insurer shall maintain an excess of the value of assets over the liabilities. This excess prescribed by the IRDA, is referred to as 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 the life segment, of the total fifteen insurers who underwrote premiums during the year 2004-05, fourteen insurers complied with stipulated solvency requirement. In the case of eight private sector non-life insurers, six companies have met the solvency requirement. Of the four public sector non-life insurers, three have met the stipulated solvency ratio. In the case of specialized insurance companies solvency ratio is less than the stipulated requirement.

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

In cases involving any violation of the regulations, the Authority takes a serious view and initiates action as per the laid out procedures after seeking the explanations. Such serious cases have been few. In case of any disputes between insurers and intermediaries the Authority seeks clarifications from the concerned.

n) Supervising the functioning of the Tariff Advisory Committee

No tariffs were revised during 2005-06. The existing Tariffs are updated and amended to make them relevant to the market conditions. Insurers approach TAC for making changes in the tariffs by way of amendments to the tariffs and seek clarifications on application of tariff. The queries are placed before the respective Technical Committees and appropriate action is taken. Where the references relate to accepted procedures laid down by the Committee in the past, the Secretariat replies to the insurers directly. At the instance of the life insurance council, TAC is maintaining a web-enabled 'Declined Lives Database' for the exclusive and confidential use of the life insurance companies. This database is maintained at this Chennai Regional Office of TAC. TAC & the Council held discussions on enhancing the utility of this service to the Life Insurers. TAC has been also actively preparing itself for the detaiffed market working in tandem with the Authority. The motor data collected from PSU insurers for the period 2003-04 & 2004-05 in the revised formats had been cleaned and summary tables were prepared. The data was further analysed in a required way for the use of the Authority. Health data for 2004-05 was collected from all the TPA's. Summary details and sample analysis were presented at a meeting of TPA representatives. The need for clear and error free data was emphasized. TAC conducted an elaborate process of revision of data formats for many classes of business. Meetings were held with underwriters, actuaries and IT professionals of all insurance companies for identifying the data requirement of a tariff free market.

Where the data formats required elaborate study, expert groups were formed for the same.

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

As part of the initiatives to increase the spread of insurance to rural and socially backward sectors, the Authority notified the Regulations on obligations of insurers to rural and social sectors in the year 2000 consequent upon the amendment of the Insurance Act 1938. The rural obligations in respect of life and non-life insurers were indicated as a per cent of number of policies underwritten and the gross premium underwritten respectively.

Obligations of life insurers:

All the fifteen insurers who are in life insurance operations during the last six years have met their rural and social sector obligations. LIC complied with its obligations in this regard and the number of lives covered by the insurer in the social sector was more than those covered in the year 2001-02. Insurance coverage is also provided to the underprivileged through a separate fund created by the Government.

Obligations of non-life insurers:

All the eight private sector non-life insurers and three public sector insurers met their rural and social sector obligations in the financial year 2005-06. National Insurance Company has been unable to file data on the business underwritten in the rural sector and on the number of lives covered under the social sector.

q) Exercising such other powers as may be prescribed

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

PART IV

ORGANISATIONAL MATTERS

i) Organization

Sh.C.S.Rao continues to be the Chairman of the Authority. Sh.P.A.BalaSubramanian, Member (Actuary), Sh.T.K.Banerjee Member (Life) and Sh.Mathew Verghese Member (Non Life) demitted office as Members of the Authority on 31st May 2005, Ist August 2005 and 31st August 2005 respectively.

Sh.C.R.Muralidharan joined as Member (F&I) of the Authority on 6th May 2005. He has enriched the Authority with the vast experience he brought from RBI in the field of inspections and operations. Sh.K.K.Srinivasan joined the Authority as Member (Non Life) on 5th September 2005. Sh.Srinivasan also brings to the Authority wide experience in the field of general insurance at the operational level. His tenure at the TAC gives him intimate knowledge of the intricacies of tariff. As the post of Member (Actuary) lay vacant Sh.P.A.Balasubramanian has been appointed as a Consultant to advise on actuarial matters.

Sh. Ashok Chawla joined as part time Member with effect from 30th November 2005 in place of Sh.Vivek Mehrotra representing the Ministry of Finance, Government of India. Sh.T.N.Manoharan joined with effect from 4th February 2006 in place of Sh. Kamlesh S.Vikamsey representing Institute of Chartered Accountants. In addition, Sh.Vijay Mahajan and Sh.Gautam Hari Singhania have joined as part time Members with effect from 7th October 2005.

ii) Meetings of the Authority

During the period April 2005 to March 2006 five meetings of the Authority have been held.

iii) Human Resources

The importance of the role of human resources in any organization, more so in an evolving organization like the Authority, needs no elucidation. In its continued pursuit of augmenting the human resources, the Authority has undertaken various steps during the period to deepen and widen the resource base.

The Authority has appointed sixteen persons by recruitment from the open market as part of the exercise to strengthen various disciplines like Finance and Accounts, Administration, Actuarial etc. As officers with actuarial qualifications and background are not easily available, the requirement has been met by inducting few officers with such qualification and experience in the Authority on loan basis. The Authority is encouraging its officers to acquire actuarial qualifications to meet its ongoing requirements.

The Pay Scales and related entitlements of the officers and employees of the Authority have been revised in conformity with the pay structure of the officers of the SEBI as the Authority has been broadly following the salary pattern adopted by the SEBI. The revision has been made effective 1st November 2002 as adopted in the 44th Meeting of the Authority held on 23rd February 2006.

The Authority is continuously and consistently making efforts to get its officers and employees trained and oriented in various specialized fields like inspection, financial analysis, product development etc by sponsoring them to different seminars and training programs both in India and abroad. As a part of this exercise, seven officers were deputed to USA under the series of training programs conducted under the aegis of USAID.

The International Association of Insurance Supervisors (IAIS), established in 1994 has representatives from some 100 insurance supervisory authorities. IRDA is one of its members and is represented in its Executive committee, Technical committee, Insurance Accounting committee, Reinsurance committee and few others. It was formed to promote cooperation among insurance supervisory authorities, set international standards for insurance supervision and regulation, provide training to members and co-ordinate work with regulators in other financial sectors and international financial institutions. Chairman and Members participate in its meetings regularly and the Authority is enriched by way of exchange of ideas and regulatory approaches amongst its members through their participation.

The Authority had jointly with Andhra Pradesh Government set up an Institute of Insurance and risk Management (IIRM) at Hyderabad in 2002. IIRM aims to serve the learning and development needs of emerging markets in the context of their contemporary challenges. IIRM is overseen by a Board of Directors headed by the Chairman of the Authority. It continues to cater to the needs of the industry by way of providing diversified range of courses, including Post Graduate Diploma in General Insurance, Life Insurance and Risk management. The IIRM courses are accredited by Chartered Insurance Institute.

iv) Promotion of Official Language

The Authority seeks to adopt the implementation of official language policy of the Government of India in the same way as is followed by other financial regulators. The authority has been making concerted efforts in implementing the Official Language Act, during the year under report. The Authority has received a large number of letters under the Right to Information act and all the letters received in Hindi were replied to in Hindi only. The Authority has taken various steps in promoting Hindi which include; revamping of its website by developing Hindi section, issuing all regulations and notifications of the Authority in bi-lingual form; introduction of Hindi section in the IRDA monthly journal to promote use of Hindi across the industry.

v) Status of Information Technology

During this year, significant progress was made in implementing on-line filing systems for simplifying the data collection mechanism. The operations of various systems implemented during the preceding years were also streamlined during this year. The brief status of progress made in implementing various IT systems during the year 2005-06 is as follows:

Grievance Management System (Non-Life)

The system was constantly upgraded and all minor defects in the system were rectified. The department could generate the required statistics. In order to make the system more effective, the Authority is in the process of making this system online.

Grievance Management System (Life)

- The module for monitoring life complaints was implemented and made operational.

Centralized Inward Mail tracking system

The system facilitates to track the movement of inward mails received at the Authority and its disposal status**.** The System was implemented in 2004 and is constantly upgraded so as to meet the growing requirements of the users. The system has become fully operational and its usage has been rationalized during this year. The desired reports could be generated through this system with minimum efforts.

Further, as a part of its consistent efforts in simplifying data collection process, the Authority has implemented the following new systems during this year.

On-line filing Annual returns by Insurance Brokers

- A system which facilitates brokers to file their annual returns on-line.
- The system also facilitates the Authority to monitor the on-filing centrally and examine any deviations in the information already filed by the brokers.
- A one day workshop was also conducted at Mumbai in co-ordination with Insurance Brokers' Association of India to train the Brokers in filing the returns.

On-line filing of New Business Statistics by Life Insurers

- Trial runs of the newly developed system was successfully completed with selected public / private sector life insurers and the module has been made live to enable insurers to file the monthly statistics on-line.

- *Investment monitoring system(life):*

The development of a new system for monitoring the investments of the insurers has also been completed and tested with the data collected from selected insurers.

Intranet:

Intranet which is single point reference to its officers is being updated on a regular basis based on the user feedback.

Networking and other IT infrastructures:

IT infrastructures are constantly upgraded to ensure consistency with global usage of IT systems. In order to ensure increased internet availability for the staff of the Authority, the existing 128 Kbps Internet leased line connectivity is being upgraded to 2 mega bytes per second (mbps) leased line. Additional desktops, notebooks, computers and printers have been procured to cater to the needs of the staff. The analysis tools of the Research Department were upgraded.

On-line Agent Training Institutes:

Approval mechanism of On-line Agent Training Institutes has been streamlined and made more systematic by issuing Guidelines / Notices and through effective verification process.

Agents Licensing Database

Data refinement activity on agent licensing database was conducted during this year and the Authority is in the process of implementing the refined database.

vi) Accounts

The accounts of the Authority for the financial year 2004-05 and 2005-06 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 the Houses of Parliament. A copy of the accounts for the year 2004-05 and 2005-06 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 continues to be accredited by ISO for the current year also. This certification is confirmation of our following quality management systems.

viii) IRDA Journal

The November 2006 issue of IRDA Journal, the monthly publication of the Authority, marks four years of its existence. During this period, the Journal has come to be recognized as a strong medium of communication for everyone that is either directly or indirectly associated with the industry. Further, it has become a resource for researchers, analysts and the players. The presentation of the statistical data has been progressively undergoing changes, keeping an eye on the industry trends and need for a fresh outlook. The changes have been well-received by the industry and the other stakeholders.

During 2006, different contemporary issues affecting the industry were covered. The maximum emphasis was, however, in the area of ‘Detariffing’ - a major milestone in the insurance history of India. Some of the areas of focus that we had are: Motor Liability Insurance; A Decade of Reforms; Corporate Governance; Technology in Insurance; Insurance Claims Settlement; Anti Money Laundering; Frauds in Insurance; Product Innovation and Development; Pricing the Insurance Product; Underwriting in Detariffed Regime; and an umbrella coverage relating to various aspects of the Detariffed environment.

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 insurance industry has moved away from a public sector monopoly with private capital entering the industry five years ago. It was hoped that it would usher in economic benefits to individuals, business and industrial establishments. The response to the opening up of the sector has been encouraging. Some of the leading industrial houses and well-established banks of India have collaborated with leading international insurers to establish joint ventures. With the entry of banks there has been a sudden increase in the capacity to underwrite risk. The concerted efforts of the public and private sector insurers resulted in expansion of the insurance market in the last five years. Private sector insurers are increasing their market share in both life and non-life segments. At present 15 life insurance companies and 9 general insurance companies under private ownership are operating in India. Private life insurance companies collected 26 per cent of new life premium written during 2005-06. During this period private general insurance companies had a market share of 26 per cent. While Unit Linked products are helping growth in the life segment, motor and health insurance portfolios are the major segments in general insurance.

Insurance markets develop when a variety of insurance products are available and the agency force is capable of marketing these products. With private insurers developing many products consumers can choose products depending on their needs and risk taking attitude. In this context the agency force can help the consumers by explaining the products more clearly. This requires skills and proper training. At present there are more than 20 lakh individual agents and nearly 5000 corporate agents. A significant development noticed last year is the arrangement entered into between the insurers and commercial banks for marketing the contracts either as corporate agents or on referral basis through supply of information on bank customers to the insurers.

The sudden demand for a large tied agency force had an adverse effect on the quality of the training imparted by the Institutes. Inspection of these Institutes revealed a number of areas where improvements were called for. It was noticed that the resources of the Institutes are overstretched; some of the Institutes did not have the infrastructure to conduct classes and the faculty was drawn on an adhoc basis; and courses were conducted in a short span as a result of which many agents did not receive adequate training. Further, the licensed training institutes allowed franchisees to conduct training on their behalf which was irregular. The insurers, in their anxiety to recruit agents, did not pay any attention to the quality of training imparted. The Authority had, during 2004 revised guidelines after extensive consultations with the stakeholders and streamlined the system of training. The Authority impressed on the insurers the need for greater attention being paid to the training of their agency force. It is hoped that this effort would result in improving the quality of the agency force. It will be in the interest of all that the agency force is properly equipped with the insurance knowledge, as the insurance products as no longer simple and the agents are supposed to advise the consumers on the appropriate policy considering their requirements. The Authority has also been 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 compromised by a few interested parties.

The Authority has started a new experiment with the institution of corporate agents to facilitate sale of insurance policies through existing institutions which are in contact with a large section of the population while discharging their normal activities. While this experiment is fruitful, of late 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. Since insurance contracts are technical in nature, the Authority stipulated that canvassing should be done only by specified persons "who are qualified to be Agents". The Authority also asked the insurers to follow a set of instructions while issuing licenses to corporate agents. Some aberrations that have crept into the sale of group insurance policies, to some extent, have also been removed.

Unlike the life insurance market which is manned by the agents, the general insurance market is largely driven by brokers. Though paid by the insurers, brokers package the client's requirements and negotiate with the insurers on the rates and terms and conditions of the contract. The relevance of the broker is limited at present in the Indian context as the general insurers have no flexibility in determining the rates or the terms. Both rates and terms are prescribed by the Tariff Advisory Committee and any deviation would invite penalties. However, the importance of the brokers will be visible with the detariffing of general insurance business from January 1, 2007.

The Authority believes that unless appropriate standards are set and followed by the insurers and the intermediaries, there is distinct possibility of the insurance market getting distorted which would affect the interests of the insured as well as the insurer.

The language of the insurance contract has traditionally been unfathomable except to a privileged few! Since an insurance contract is a promise, clear and precise language in describing what is being promised and when and under what circumstances those promises would be honored need to be clearly known to both the parties entering into the contract. This will facilitate smooth and fair business dealings. It is equally essential that the insured has a clear understanding of the limitations of the contract. This becomes important because the insured does not have the complete information and the wherewithal at his disposal to understand fully what he is buying. Because of this the insured has to rely totally on the insurer.

The Plain Language movement which aims at converting these legal contracts into familiar words equips the common man with his rights and duties. The plain language movement in India is still an emerging concept. Given that the insurance industry is in its infancy, movement towards use of plain language is consumer friendly. It is hoped that once the insurance contracts become simpler and intelligible, there will be greater awareness among the people about insurance and the associated benefits. This will help increasing demand for insurance and thereby insurance penetration.

The insurance industry has come a long way and the Authority has facilitated the deepening of the market. There is vast untapped potential of savings which can migrate to insurance. This has been attracting the global insurance companies to India. It may be possible that in their anxiety to access more business, the insurers resort to aggressive methods of expansion. Though aggressive selling of insurance in the short run may help rapid growth, in the long run it might lead to a situation where in the insurers may not be able to honour their commitments. Such a situation is detrimental not only to the business interests of insurers but also to the welfare of the society.

In the light of these sensitivities, the Authority believes that the prescribed solvency margin is a critical parameter which needs to be monitored continuously. This will ensure whether a company is in a position to meet its obligations. This will be a continuing challenge for the new insurers who are on a growth path as they will be called upon to inject additional capital, to meet their increasing liabilities.

The concerns regarding solvency are generally addressed through prudent regulatory measures. Such measures include stringent capital and solvency requirements, prudent investment and reserving rules and regular monitoring of the activities of the insurers. Besides monitoring financial solvency of insurance companies, supervision of how the insurers conduct their business also becomes important. This necessitates market conduct regulations. Market discipline can provide right incentives for companies to act prudently and in the best interest of owners and customers. This requires free and open information exchange. With this understanding the Authority is ascribing high priority for information dissemination as an effective check against improper market behavior. The above concerns can be addressed either through regulations issued by the Authority through self-regulatory retime put in place by the insurers. The Authority believes that too many regulations have the potential to compromise competition and perhaps even endorse unwanted entry barriers, restrictive practices and other anti-competition measures. It is therefore becoming difficult to assess optimum areas for which regulations can be made when the country is moving towards a free market regime. An optimum market structure can be achieved with some trade-offs between security and competitions. It is believed that when the insurers acquire deeper understanding of the market including the manner in which it operates, it may be possible for the Authority to allocate greater responsibility to the insurers in the areas of market conduct. Under such a situation the Authority can concentrate on protection of consumers' interest and monitoring solvency margins continuously.

Activating Life Insurance Council and General Insurance Council is a step towards building self regulatory organizations to take care of the interests of their respective segments. Uninhibited discussions in the Council on important issues and arriving at a consensus help the Authority in framing the necessary guidelines / regulations. In a similar vein, the General Insurance Council has been functioning. The Life Council has been tackling issues of significance like misselling and disclosure. Recent deliberations on the de-tariffing in General Insurance Council have immensely helped the Authority in framing a road map in this direction. Insurance brokers and TPAs are also attempting to become self regulatory organizations. The Authority has been helping to strengthen the self regulatory organizations so that micro management issues can be addressed by these bodies.

Corporate Governance, of late, has become an important agenda of the business houses. It has always been the endeavor of corporate managements to conduct their business in a fair manner while keeping in view the bottom line. Managements may have to realize that it is not merely the appreciation of shareholders' value which is the ultimate objective but the way in which it is achieved. The recent past has revealed that in most of the corporate failures, the common thread was the larger than life image of the CEO which has reduced the Board to a body approving the proposals without strictly scrutinizing. In the case of insurance companies, the fiduciary responsibility of the managements takes a two-pronged direction. As they deal with the policyholders' money, insurers have to be cautious not just about their own managements but also the way in which the funds are invested and how they conduct their businesses. Any failure on either side would be detrimental to the interests of the insurance company.

For better management of investment portfolios prudential investment norms have been notified to further enhance the financial flexibility and risk management ability of the insurers. The Authority believes that prudent investment management becomes increasingly critical to insurers in maintaining stability in their operations due to globalization. In addition management integrity and public accountability in the conduct of insurance business may also be emphasized. The guidelines issued by the Authority in this context reinforce the fiduciary duty owed by insurers to properly manage insurance funds in an independent and transparent manner in the interest of policyholders at all times.

There has been a persistent demand for freeing the general insurance market from the inherent rigidities due to the present tariff regime. It has been argued that the insurers should be allowed to determine what risks and at what rates they would be prepared to underwrite the risk. It was also pointed out that the present system of having tariffs in some risks and freeing of rates in the others leads to distortion in pricing as the insurers are underwriting risks not covered by tariff at throwaway prices in order to gain access to lucrative business covered by tariff.

The Authority recognizes that the consumer would normally stand to gain when there is a free market. The Authority is also convinced that de-tariffing is an essential pre-requisite for the healthy growth of the market. However, it may be recognized that absence of data and lack of experience in underwriting at present could upset the market with adverse consequences for the insurer as well as the insured if tariffs are withdrawn abruptly.

The Authority therefore, in September, 2005 announced a roadmap for an orderly transition from the present tariff market to a free market. It was announced that insurers can determine their rates from 1st January, 2007 for all risks that they undertake. If a free market scenario is to be largely successful, knowledge management should occupy the top slot in strategic management. In a market free of tariffs, any responsible insurer should have in place internal capabilities to do underwriting. It is felt that underwriting and rating of insurance business should be independent of the business development function. In order to ensure that sound underwriting principles are not sacrificed for gaining access to business, people who have specialized in underwriting need to be recruited and trained. In order to facilitate proper planning by the insurers, the Authority has been reviewing the programs at various stages. These interactions will help in increasing clarity about the roles and possible difficulties. It is hoped that the new regime would benefit all the stakeholders.

Even though insurance industry was opened up to private sector in 2000, the penetration of medical insurance still remained very low. It is estimated that only around 10 per cent of the Indian population are covered under some sort of healthcare whether it is private health insurance or government schemes. Although medical insurance was introduced in the country in the late eighties, it suffered from a lack of trust among the public; and the product itself was under cloud for several reasons associated with its abuse. Moral hazard was quoted to be the biggest factor for its undoing. Besides, the delays associated with settlement of bills; poor servicing of the policies etc. were quoted to be the reasons for the product not taking off the way it should have. The institution of Third Party Administrators (TPAs) though ran into rough weather in the initial period has now stabilized. The number of complaints about poor servicing of health insurance contracts has also reduced in recent time.

The potential in the health segment is tremendous considering the huge untapped market. Awareness in the general masses about the benefits of health insurance is important and a great deal needs to be done in this area. The Authority feels that the thrust to health insurance could come only when stand alone health insurance companies start functioning in India. The IRDA has recently licensed a stand alone health insurance company which started its operations. It is hoped that more will follow.

The Authority keeping in mind the importance of greater spread of insurance coverage, felt that this could be possible if greater impetus is given to covering rural households and that too weaker sections. The Insurance Act and Regulations issued under this Act prescribe certain percentage of policies should cover exclusively the weaker sections of the population. Spreading the concept of insurance to such masses require innovative products which are affordable by them and are sold to them through those agencies with which this segment of population is comfortable to deal with. To this end, the Authority has introduced a novel micro insurance regulation through micro insurance products which can be sold with the help of SHGs, NGOs, Co-operative Societies etc. Detailed guidelines have been issued and it is learnt that micro insurance has caught the imagination of the people in the rural areas. It is hoped that by covering the simple assets of the poor along with their lives, the social objective of equity can be achieved.

STATEMENTS AND ANNEX

STATEMENT 1

FINANCIAL SAVING OF THE HOUSEHOLD SECTOR (GROSS)

(Per cent)

Item	2005-06# (1)	2004-05P (2)	2003-04P (3)	2002-03P (4)	2001-02P (5)	2000-01 (6)
Financial Saving (Gross)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
	(16.7)	**(14.0)**	**(13.8)**	**(13.1)**	**(12.7)**	**(11.9)**
a) Currency	**8.8**	**8.5**	**11.2**	**8.9**	**9.7**	**6.3**
	(1.5)	**(1.2)**	**(1.5)**	**(1.2)**	**(1.2)**	**(0.7)**
b) Deposits	**47.4**	**37.0**	**38.3**	**40.9**	**39.4**	**41.0**
	(7.9)	**(5.2)**	**(5.3)**	**(5.4)**	**(5.0)**	**(4.9)**
i) With banks	46.7	36.4	37.4	35.5	35.3	32.5
ii) With non-banking companies	0.8	0.8	1.0	2.7	2.6	2.9
iii) With co-operative banks and societies	0.0	0.0	0.0	2.8	3.6	5.6
iv) Trade debt (net)	0.0	0.0	0.0	-0.1	-2.1	0.1
c) Shares and debentures	**4.9**	**1.1**	**0.1**	**1.7**	**2.7**	**4.1**
	(0.8)	**(0.2)**	**(0.0)**	**(0.2)**	**(0.3)**	**(0.5)**
i) Private corporate business	1.3	1.4	1.1	0.8	1.5	3.1
ii) Banking	0.0	0.1	0.0	0.0	0.1	0.0
iii) Units of Unit Trust of India	-0.1	-0.7	-2.3	-0.5	-0.6	-0.4
iv) Bonds of public sector undertakings	0.0	0.0	0.0	0.1	0.0	0.1
v) Mutual fund (other than UTI)	3.6	0.4	1.2	1.3	1.8	1.3
d) Claims on government	**14.7**	**24.4**	**23.0**	**17.4**	**17.9**	**15.7**
	(2.5)	**(3.4)**	**(3.2)**	**(2.3)**	**(2.3)**	**(1.9)**
i) Investment in government securities	2.4	4.9	7.5	2.5	5.8	1.7
ii) Investment in small savings, etc	12.3	19.5	15.5	14.9	12.1	14.0
e) Insurance funds	**14.2**	**16.0**	**13.7**	**16.1**	**14.2**	**13.6**
	(2.4)	**(2.2)**	**(1.9)**	**(2.1)**	**(1.8)**	**(1.6)**
i) Life insurance funds	13.5	15.1	13.0	15.5	13.5	12.9
ii) Postal insurance	0.2	0.3	0.3	0.3	0.3	0.2
iii) State insurance	0.5	0.6	0.5	0.4	0.4	0.5
f) Provident and pension funds	**10.0**	**12.9**	**13.6**	**15**	**16.1**	**19.3**
	(1.7)	**(1.8)**	**(1.9)**	**(2.0)**	**(2.0)**	**(2.3)**

P : Provisional. # : Preliminary estimates.

Notes: 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	2003**			2004**			2005**		
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
North America	**9.40**	**4.25**	**5.15**	**9.17**	**4.12**	**5.05**	**8.97**	**4.05**	**4.92**
United States	9.61	4.38	5.23	9.36	4.22	5.14	9.15	4.14	5.01
Canada	6.82	2.63	4.19	7.02	2.97	4.05	6.97	3.05	3.92
Latin America and Caribbean	**2.45**	**0.94**	**1.51**	**2.47**	**1.01**	**1.46**	**2.35**	**0.93**	**1.42**
Bahamas	7.98	4.38	3.60	N/A	N/A	N/A	N/A	N/A	N/A
Barbados	11.29	3.87	7.42	N/A	N/A	N/A	N/A	N/A	N/A
Trinidad and Tobago	5.11	3.49	1.63	7.85	5.77	2.08	7.63	5.61	2.02
Chile	4.09	2.61	1.47	3.93	2.55	1.38	3.60	2.24	1.36
Jamaica	5.56	2.35	3.21	5.00	1.88	3.11	4.82	1.82	3.01
Panama	3.64	1.19	2.45	3.07	1.12	1.96	2.80	1.00	1.81
Honduras	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Argentina	2.54	0.72	1.82	2.68	0.88	1.80	2.52	0.76	1.76
Colombia	2.56	0.70	1.86	2.51	0.69	1.82	2.23	0.62	1.61
Venezuela	2.89	0.09	2.80	2.55	0.08	2.47	2.47	0.07	2.40
Dominican Republic	2.43	0.20	2.23	2.05	0.18	1.86	1.62	0.21	1.41
Brazil	2.96	1.28	1.68	2.98	1.36	1.63	3.01	1.33	1.68
Costa Rica	1.88	0.17	1.72	1.87	0.15	1.72	1.88	0.15	1.73
Uruguay	2.16	0.48	1.68	N/A	N/A	N/A	1.86	0.31	1.55
El Salvador	2.35	0.70	1.66	2.28	0.68	1.60	2.08	0.61	1.46
Mexico	1.80	0.70	1.10	1.86	0.79	1.06	1.66	0.68	0.98
Ecuador	1.72	0.17	1.54	1.68	0.20	1.48	1.70	0.22	1.47
Peru	1.44	0.60	0.83	1.31	0.59	0.72	1.28	0.70	0.59
Guatemala	1.12	0.20	0.92	1.09	0.17	0.92	1.02	0.17	0.85
Europe	**7.98**	**4.64**	**3.35**	**7.89**	**4.68**	**3.20**	**7.78**	**4.69**	**3.10**
United Kingdom	13.37	8.62	4.75	12.60	8.92	3.68	12.45	8.90	3.55
Switzerland	12.74	7.72	5.02	11.75	6.73	5.02	11.19	6.20	4.99
Netherlands	9.77	4.93	4.84	10.10	5.43	4.67	9.79	5.12	4.67
Ireland	9.59	6.04	3.55	8.97	5.74	3.23	8.56	5.65	2.90
Finland	8.69	6.81	1.88	8.77	6.89	1.88	9.18	7.33	1.85
France	9.15	5.99	3.15	9.52	6.38	3.14	10.21	7.08	3.13
Belgium	9.77	6.81	2.96	9.62	6.73	2.89	11.15	8.36	2.79
Sweden	6.97	4.74	2.23	6.96	4.56	2.39	7.82	5.32	2.50
Denmark	7.92	5.18	2.74	8.07	5.15	2.92	8.07	5.19	2.89
Germany	6.99	3.17	3.82	6.97	3.11	3.86	6.79	3.06	3.73
Italy	7.45	4.82	2.63	7.60	4.86	2.74	7.59	4.86	2.73
Spain	5.58	2.38	3.20	5.63	2.38	3.25	5.36	2.27	3.09
Austria	5.89	2.59	3.30	5.95	2.63	3.32	6.17	2.88	3.28
Portugal	7.31	4.14	3.17	7.85	4.66	3.19	9.07	6.20	2.87
Slovenia	5.23	1.25	3.98	5.61	1.65	3.96	5.65	1.69	3.96
Cyprus	4.57	2.29	2.28	4.39	2.31	2.08	4.23	2.08	2.15
Norway	4.89	2.79	2.10	5.20	3.14	2.06	5.30	3.28	2.02
Malta	5.04	2.52	2.52	5.61	2.84	2.78	5.89	3.15	2.74
Czech Republic	4.48	1.72	2.76	4.15	1.63	2.53	3.98	1.53	2.45
Luxembourg	4.49	2.09	2.40	3.64	1.43	2.21	3.76	1.52	2.24
Slovakia	3.38	1.38	2.00	3.61	1.46	2.15	3.66	1.36	2.30
Iceland	3.23	0.29	2.94	3.01	0.29	2.72	2.84	0.30	2.54
Poland	3.02	1.12	1.91	3.07	1.17	1.90	3.16	1.31	1.84
Russia	3.25	1.12	2.13	2.83	0.61	2.21	2.27	0.12	2.15

Contd...

Continent/Country	2003**			2004**			2005**		
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
Croatia	3.25	0.72	2.53	3.20	0.76	2.44	3.25	0.84	2.41
Hungary	3.01	1.20	1.80	2.83	1.15	1.67	3.08	1.37	1.71
Yugoslavia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Greece	2.10	0.93	1.17	2.10	0.93	1.17	2.17	1.03	1.13
Bulgaria	1.90	0.21	1.69	1.92	0.26	1.65	2.55	0.32	2.23
Ukraine	3.54	0.03	3.52	4.82	0.05	4.77	3.02	0.08	2.95
Turkey	1.35	0.24	1.12	1.54	0.29	1.25	1.55	0.25	1.30
Romania	1.45	0.34	1.11	1.51	0.35	1.15	1.53	0.32	1.21
Serbia Montenegro	2.25	0.08	2.17	2.20	0.16	2.04	2.23	0.19	2.04
Latvia	2.06	0.09	1.97	N/A	N/A	N/A	N/A	N/A	N/A
Lithuania	1.51	0.40	1.11	1.48	0.38	1.10	1.47	0.41	1.07
Asia	**7.51**	**5.74**	**1.77**	**7.37**	**5.58**	**1.79**	**6.83**	**5.16**	**1.67**
South Korea	9.63	6.77	2.86	9.52	6.75	2.77	10.25	7.27	2.98
Japan	10.81	8.61	2.20	10.51	8.26	2.25	10.54	8.32	2.22
Tiwan	11.31	8.28	3.02	14.13	11.06	3.07	14.11	11.17	2.93
Hong Kong	7.88	6.38	1.50	9.27	7.88	1.39	9.93	8.63	1.29
Israel	6.54	2.90	3.65	6.16	2.76	3.40	5.96	2.75	3.21
Malaysia	5.35	3.29	2.05	5.40	3.52	1.88	5.42	3.60	1.82
Singapore	7.59	6.09	1.50	7.50	6.02	1.48	7.47	6.00	1.48
Thailand	3.45	2.25	1.19	3.52	1.94	1.58	3.61	1.99	1.62
India	**2.88**	**2.26**	**0.62**	**3.17**	**2.53**	**0.65**	**3.14**	**2.53**	**0.61**
Lebanon	2.91	0.78	2.13	3.06	0.95	2.10	3.15	0.95	2.19
PR China	3.33	2.30	1.03	3.26	2.21	1.05	2.70	1.78	0.92
Bahrain	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jordan	2.22	0.28	1.94	2.67	0.31	2.36	2.59	0.27	2.32
Phillipines	1.48	0.87	0.61	1.49	0.91	0.59	1.48	0.91	0.57
UAE	1.12	0.26	0.86	1.65	0.28	1.37	1.53	0.28	1.25
Sri Lanka	1.30	0.55	0.74	1.37	0.60	0.77	1.46	0.62	0.84
Indonesia	1.49	0.66	0.83	1.31	0.63	0.68	1.52	0.82	0.70
Oman	1.24	0.17	1.06	1.28	0.18	1.10	1.14	0.17	0.97
Vietnam	1.45	0.87	0.57	2.02	1.35	0.68	1.62	0.97	0.65
Iran	1.16	0.09	1.07	1.15	0.09	1.06	1.23	0.08	1.15
Kuwait	0.92	0.23	0.69	0.93	0.22	0.70	0.79	0.15	0.64
Pakistan	0.62	0.24	0.39	0.71	0.28	0.43	0.67	0.27	0.40
Saudia Arabia	0.47	0.02	0.45	0.48	0.02	0.46	0.46	0.01	0.45
Bangladesh	0.57	0.37	0.20	0.57	0.37	0.20	0.61	0.42	0.20
Africa	**4.09**	**2.93**	**1.16**	**4.89**	**3.41**	**1.48**	**4.80**	**3.33**	**1.47**
South Africa	15.88	12.96	2.92	14.38	11.43	2.95	13.87	10.84	3.03
Mauritius	4.59	2.78	1.81	4.61	2.78	1.83	4.36	2.62	1.74
Zimbabwe	4.17	2.40	1.77	N/A	N/A	N/A	N/A	N/A	N/A
Morocco	2.85	0.80	2.05	2.70	0.64	2.06	2.87	0.71	2.16
Kenya	2.98	0.78	2.20	2.81	0.82	1.99	2.56	0.78	1.78
Ivory Coast	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tunisia	1.82	0.16	1.66	2.01	0.16	1.86	2.07	0.17	1.90
Nigeria	0.77	0.14	0.63	0.94	0.17	0.76	0.70	0.09	0.62
Egypt	0.68	0.22	0.47	0.79	0.27	0.52	0.85	0.34	0.52
Algeria	0.64	0.02	0.61	0.58	0.03	0.55	0.56	0.03	0.53
Oceania	**7.70**	**3.99**	**3.71**	**7.65**	**3.75**	**3.90**	**6.38**	**3.16**	**3.22**
Australia	7.99	4.42	3.57	8.02	4.17	3.85	6.60	3.51	3.09
New Zealand	6.23	1.39	4.83	5.74	1.32	4.42	5.20	0.81	4.39
World	**8.06**	**4.59**	**3.48**	**7.99**	**4.55**	**3.43**	**7.52**	**4.34**	**3.18**

Source: Swiss Re, Sigma volumes 3/2004, 2/2005 and 5/2006
* Insurance penetration is measured as ratio (in Per Cent) of premium to GDP
** Data relates to Calender years

STATEMENT 3

INTERNATIONAL COMPARISON OF INSURANCE DENSITY*

Continent/Country	2003**			2004**			2005**		
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
North America	**3464.3**	**1565.7**	**1898.6**	**3601.1**	**1617.2**	**1984.0**	**3735.1**	**1686.3**	**2048.8**
United States	3637.7	1657.5	1980.2	3755.1	1692.5	2062.6	3875.2	1753.2	2122.0
Canada	1871.8	722.9	1148.9	2188.7	926.1	1262.6	2449.0	1071.9	1377.1
Latin America and caribbean	**78.3**	**30.0**	**48.2**	**90.9**	**37.2**	**53.7**	**105.7**	**42.0**	**63.8**
Bahamas	1274.1	699.5	574.6	N/A	N/A	N/A	N/A	N/A	N/A
Barbados	1064.1	364.6	699.6	N/A	N/A	N/A	N/A	N/A	N/A
Trinidad and Tobago	383.9	261.8	122.1	659.3	484.5	174.8	810.2	595.4	214.8
Chile	216.3	138.3	78.0	253.1	164.5	88.6	281.5	174.9	106.6
Jamaica	155.1	65.6	89.5	161.6	60.8	100.7	179.4	67.6	111.8
Panama	129.7	42.4	87.3	139.3	50.6	88.7	133.0	47.2	85.8
Honduras	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Argentina	85.9	24.2	61.7	105.1	34.5	70.6	118.0	35.4	82.7
Colombia	45.1	12.4	32.7	51.9	14.3	37.6	60.3	16.8	43.6
Venezuela	84.5	2.5	82.0	101.1	3.1	98.0	125.3	3.6	121.7
Dominican Republic	45.7	3.7	42.0	41.3	3.7	37.6	52.5	6.7	45.7
Brazil	82.6	35.8	46.8	101.1	45.9	55.2	128.9	56.8	72.1
Costa Rica	79.1	7.0	72.0	85.7	6.8	78.8	80.3	6.4	73.9
Uruguay	69.9	15.4	54.5	N/A	N/A	N/A	92.3	15.5	76.8
El Salvador	52.7	15.6	37.1	52.7	15.8	36.9	50.8	15.0	35.8
Mexico	106.5	41.3	65.3	117.8	50.2	67.6	121.3	49.9	71.4
Ecuador	34.4	3.5	30.9	37.1	4.5	32.6	41.0	5.4	35.7
Peru	32.1	13.5	18.7	32.1	14.5	17.5	34.8	18.9	15.9
Guatemala	22.0	3.9	18.1	23.0	3.5	19.5	25.5	4.1	21.3
Europe	**1251.8**	**726.9**	**524.9**	**1427.9**	**848.1**	**579.8**	**1513.8**	**911.8**	**601.9**
United Kingdom	4058.5	2617.1	1441.4	4508.4	3190.4	1318.0	4599.0	3287.1	1311.9
Switzerland	5660.3	3431.8	2228.5	5716.4	3275.1	2441.2	5558.4	3078.1	2480.3
Netherlands	3094.0	1561.7	1532.4	3599.6	1936.5	1663.1	3739.7	1954.2	1785.5
Ireland	3669.5	2312.5	1356.9	4091.2	2617.4	1473.8	4177.0	2759.7	1417.4
Finland	2714.5	2126.8	587.7	3134.1	2461.0	673.1	3389.3	2707.8	681.4
France	2698.3	1767.9	930.5	3207.9	2150.2	1057.7	3568.5	2474.6	1093.9
Belgium	2875.7	2004.8	870.9	3275.6	2291.2	984.4	3985.6	2988.7	996.9
Sweden	2357.9	1602.3	755.6	2690.0	1764.3	925.7	3092.1	2105.2	986.8
Denmark	3116.0	2037.5	1078.5	3620.4	2310.5	1309.9	3876.2	2489.9	1386.3
Germany	2051.2	930.4	1120.8	2286.6	1021.3	1265.3	2310.5	1042.1	1268.4
Italy	1913.1	1238.3	674.8	2217.9	1417.2	800.7	2263.9	1449.8	814.1
Spain	1146.1	488.6	657.5	1355.2	571.9	783.3	1454.5	615.8	838.7
Austria	1846.8	811.0	1035.7	2159.7	955.3	1204.4	2342.8	1095.1	1247.7
Portugal	1079.6	611.4	468.2	1293.5	768.1	525.4	1628.0	1113.7	514.4
Slovenia	725.8	173.6	552.1	919.6	270.0	649.5	978.1	292.6	685.5
Cyprus	765.4	383.0	382.3	861.5	453.3	408.2	840.7	412.6	428.1
Norway	2321.3	1322.5	998.8	2842.2	1714.4	1127.8	3302.3	2043.1	1259.2
Malta	589.2	294.7	294.5	728.6	368.2	360.4	813.8	435.4	378.5
Czech Republic	363.4	139.4	224.0	430.5	168.6	261.9	477.8	183.6	294.2
Luxembourg	2496.0	1161.1	1335.0	2562.9	1007.1	1555.8	2756.3	1112.5	1643.8
Slovakia	210.6	85.8	124.8	276.0	111.8	164.2	314.7	116.8	197.9
Iceland	1205.6	108.1	1097.5	1310.2	126.9	1183.3	1438.1	153.9	1284.1
Poland	162.2	59.9	102.3	192.7	73.3	119.4	245.1	101.9	143.2
Russia	98.2	33.9	64.3	114.4	24.8	89.6	122.8	6.3	116.5
Croatia	207.9	46.3	161.6	247.9	58.7	189.2	274.7	70.9	203.9

Contd...

Continent/Country	2003**			2004**			2005**		
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
Hungary	247.8	99.1	148.7	287.3	117.3	170.0	334.1	148.2	185.9
Yugoslavia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Greece	342.8	152.1	190.7	402.1	177.9	224.1	446.7	213.1	233.6
Bulgaria	49.2	5.5	43.7	59.4	8.2	51.2	87.9	11.1	76.8
Ukraine	35.4	0.3	35.1	60.9	0.6	60.3	53.1	1.3	51.7
Turkey	47.7	8.4	39.3	64.5	12.0	52.6	78.6	12.7	65.9
Romania	35.8	8.4	27.3	48.2	11.3	36.9	69.5	14.6	54.9
Serbia Montenegro	40.8	1.4	39.4	44.7	3.2	41.5	48.7	4.2	44.5
Latvia	90.1	4.0	86.1	N/A	N/A	N/A	N/A	N/A	N/A
Lithuania	76.6	20.1	56.4	95.7	24.6	71.1	109.6	30.4	79.3
Asia	**183.4**	**140.1**	**43.3**	**194.3**	**147.2**	**47.1**	**197.9**	**149.6**	**48.3**
South Korea	1243.0	873.6	369.4	1419.3	1006.8	412.5	1706.1	1210.6	495.5
Japan	3770.9	3002.9	768.0	3874.8	3044.0	830.8	3746.7	2956.3	790.4
Tiwan	1433.3	1050.1	383.2	1909.0	1494.6	414.4	2145.5	1699.1	446.4
Hong Kong	1832.6	1483.9	348.7	2217.2	1884.3	332.9	2544.9	2213.2	331.7
Israel	1040.6	460.8	579.8	1043.4	467.4	576.0	1104.5	510.2	594.4
Malaysia	227.0	139.8	87.2	256.5	167.3	89.3	283.3	188.0	95.3
Singapore	1620.5	1300.2	320.3	1849.3	1483.9	365.5	1983.4	1591.4	392.0
Thailand	79.6	52.0	27.6	92.1	50.8	41.4	99.0	54.6	44.4
India	**16.4**	**12.9**	**3.5**	**19.7**	**15.7**	**4.0**	**22.7**	**18.3**	**4.4**
Lebanon	115.6	31.0	84.7	126.7	39.6	87.2	185.6	56.3	129.3
PR China	36.3	25.1	11.2	40.2	27.3	12.9	46.3	30.5	15.8
Bahrain	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jordan	41.4	5.2	36.2	52.1	6.0	46.2	54.2	5.7	48.6
Phillipines	14.6	8.6	6.0	15.6	9.4	6.1	17.2	10.6	6.7
UAE	310.7	72.5	238.2	350.2	59.7	290.6	414.2	74.7	339.5
Sri Lanka	12.5	5.3	7.1	14.1	6.2	7.9	16.3	6.9	9.4
Indonesia	14.5	6.4	8.1	15.5	7.5	8.1	19.4	10.5	8.9
Oman	99.0	13.8	85.2	103.1	14.2	88.9	113.7	17.3	96.3
Vietnam	6.7	4.1	2.7	11.0	7.3	3.7	10.1	6.1	4.1
Iran	22.3	1.7	20.5	27.9	2.3	25.7	35.1	2.2	33.0
Kuwait	148.0	36.9	111.1	161.2	39.1	122.2	185.5	35.7	149.8
Pakistan	2.9	1.1	1.8	3.7	1.5	2.2	4.6	1.9	2.8
Saudia Arabia	41.2	1.7	39.5	51.4	2.1	49.3	57.1	0.7	56.4
Bangladesh	2.1	1.4	0.7	2.3	1.5	0.8	2.5	1.7	0.8
Africa	**36.4**	**26.1**	**10.3**	**43.4**	**30.3**	**13.1**	**44.2**	**30.7**	**13.5**
South Africa	583.9	476.5	107.4	686.5	545.5	141.0	714.6	558.3	156.2
Mauritius	196.5	119.1	77.4	220.8	133.1	87.7	226.5	136.1	90.4
Zimbabwe	37.2	21.4	15.8	N/A	N/A	N/A	N/A	N/A	N/A
Morocco	42.8	12.0	30.8	44.9	10.6	34.3	47.0	11.7	35.3
Kenya	12.9	3.4	9.5	12.6	3.7	8.9	14.6	4.5	10.2
Ivory Coast	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tunisia	45.9	4.0	42.0	55.3	4.3	51.0	58.7	4.8	53.9
Nigeria	3.0	0.6	2.5	4.0	0.7	3.3	4.3	0.5	3.7
Egypt	8.4	2.7	5.7	8.9	3.1	5.8	10.3	4.0	6.2
Algeria	12.5	0.5	12.0	14.8	0.8	14.0	17.4	0.9	16.5
Oceania	**1449.3**	**750.7**	**698.5**	**1736.9**	**851.0**	**885.9**	**1789.3**	**885.0**	**904.3**
Australia	2041.4	1129.3	912.1	2471.4	1285.1	1186.3	2569.9	1366.7	1203.2
New Zealand	1215.1	272.0	943.1	1382.2	318.0	1064.2	1408.5	219.7	1188.8
World	**469.6**	**267.1**	**202.5**	**511.5**	**291.5**	**220.0**	**518.5**	**299.5**	**219.0**

Source: Swiss Re, Sigma volumes 3/2004, 2/2005 and 5/2006

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

** Data relates to Calender years

REVENUE ACCOUNT : ALL LIFE INSURERS

(Rs. Lakh)

Particulars	BSLI 2005-06	BSLI 2004-05	ICICI PRU 2005-06	ICICI PRU 2004-05	ING VYSYA 2005-06	ING VYSYA 2004-05	LIC 2005-06	LIC 2004-05	HDFC STD LIFE 2005-06	HDFC STD LIFE 2004-05	MNYL 2005-06	MNYL 2004-05	RELIANCE LIFE$ 2005-06	RELIANCE LIFE$ 2004-05
Premiums earned – net														
(a) Premium @	125566	91547	426105	236382	42538	33886	9079222	7512729	156991	68663	78813	41343	22421	10655
(b) Reinsurance ceded	(2184)	(1388)	(684)	(382)	(251)	(121)	(3454)	(4295)	(2296)	(1371)	(841)	(471)	(200)	(147)
(c) Reinsurance accepted							151	(97)						
Income from Investments														
(a) Interest, Dividends & Rent – Gross	8880	4501	20293	9579	2012	522	3547864	3297750	6897	2671	3852	2131	731	269
(b) Profit on sale/redemption of investments	6081	511	22062	2251	481	76	610719	430727	9449	1087	331	9	937	111
(c) (Loss on sale/ redemption of investments)	(75)	(243)	(6271)	(283)	(83)		(153943)	(96922)	(150)	(1139)	(47)	(0)	(140)	(16)
(d) Transfer/Gain on revaluation/ change in fair value			106235	7722	2380	(175)			21590	340	2260	40	3014	(10)
Other Income	1610	690	47	10	39	56	134128	99382	1726	96	(28)	(78)	(27)	12
Transfer from Shareholders' Account	7019	6762	23067	23335	12624	9822			13970	9547	6516	10267	10494	5742
TOTAL (A)	**146897**	**102380**	**590854**	**278614**	**59739**	**44067**	**13214688**	**11239274**	**208177**	**79896**	**90856**	**53241**	**37229**	**16616**
Commission	15964	12922	28339	17796	6913	4107	709492	624517	12033	7309	13447	6509	1433	787
Operating Expenses related to Insurance Business	24397	17744	72383	46151	21083	14649	604156	598718	39849	23075	33932	24641	11593	7680
Provision for doubtful debts							20976	109937			9	17		
Bad debts written off											5	3		
Provision for Tax	210		610		242		396775	561925			256			
Provisions (other than taxation)							4036	16480	268				126	
(a) For diminution in the value of investments(Net)														
(b) Others							5110	(518)						
TOTAL (B)	**40571**	**30666**	**101332**	**63947**	**28238**	**18755**	**1740546**	**1911059**	**52150**	**30384**	**47650**	**31171**	**13152**	**8466**
Benefits Paid (Net)	7379	3303	21064	10120	3034	260	3392711	2844045	4483	1572	4254	1242	3279	695
Interim Bonuses Paid						1	29724	19529	4	2			1	0
Change in valuation of liability in respect of life policies														
(a) Gross*	100054	69100	467452	201373	28507	25090	6926623	6016358	152476	50465	38605	21068	20797	7557
(b) Amount ceded in Reinsurance	(1107)	(688)			(41)	(40)			(1192)	(2527)	(212)	(240)		(102)
(c) Amount accepted in Reinsurance														
(d) Transfer to Linked Fund							1062908	378623						
TOTAL (C)	**106326**	**71714**	**488515**	**211492**	**31501**	**25311**	**11411965**	**9258555**	**155772**	**49512**	**42646**	**22070**	**24077**	**8150**
SURPLUS/ (DEFICIT) (D) =(A)-(B)-(C)			**1006**	**3176**		**0**	**62177**	**69660**	**256**		**560**		**(0)**	**(0)**
Deficit at the beginning of the year														
Surplus available for appropriations			**1006**	**3176**		**0**	**62177**	**69660**	**256**		**560**		**(0)**	**(0)**
APPROPRIATIONS														
Transfer to Shareholders' Account			759				62177	69660			6			
Transfer to Other Reserves														
Balance being Funds for Future Appropriations			248	3175					256		554			
Deficit transferred to Balance Sheet														
TOTAL (D)			**1006**	**3175**			**62177**	**69660**	**256**		**560**			

Note : Figures in brackets represents negative values
* Represents mathematical reserves after allocation of bonus
# Insurer commenced operations during 2005-06
$ Formerly known as AMP Sanmar
@ Revised 2004-05 financials

REVENUE ACCOUNT : ALL LIFE INSURERS

(Rs. Lakh)

Particulars	BAJAJ ALLIANZ 2005-06	BAJAJ ALLIANZ 2004-05	SBI LIFE 2005-06	SBI LIFE 2004-05	KOTAK LIFE 2005-06	KOTAK LIFE 2004-05	TATA AIG 2005-06	TATA AIG 2004-05	MET LIFE 2005-06	MET LIFE 2004-05	AVIVA 2005-06	AVIVA 2004-05	SAHARA 2005-06	SAHARA 2004-05	SHRIRAM# 2005-06	TOTAL 2005-06	TOTAL 2004-05
Premiums earned – net																	
(a) Premium @	313358	100168	107532	60118	62185	46616	88019	49704	20599	8153	60027	25342	2766	174	1033	**10587174**	**8285480**
(b) Reinsurance ceded	(536)	(364)	(223)	(189)	(1115)	(678)	(1305)	(849)	(202)	(214)	(334)	(305)	(0)	(0)	(1)	**(13625)**	**(10774)**
(c) Reinsurance accepted																**151**	**(97)**
Income from Investments																	
(a) Interest, Dividends & Rent – Gross	2111	856	5760	2776	3960	1239	3052	1727	643	231	1916	498	87	0	1	**3608059**	**3324751**
(b) Profit on sale/redemption of investments	1066	24	5124	1133	2000	369	648		98		576	183				**659573**	**436483**
(c) (Loss on sale/ redemption of investments)	(53)	(37)	(76)	(2)	(446)	(273)	(12)	(0)			(17)	(85)				**(161313)**	**(99000)**
(d) Transfer/Gain on revaluation/ change in fair value			2266	(0)	7415	484					7421	843				**152581**	**9244**
Other Income	2902	530	94	227	24	26	1450	565	1	5			3	1		**141969**	**101522**
Transfer from Shareholders' Account	10855	4512	4559	2170	4998	2173	7608	5764	8658	5629	15095	9637	935	1152		**126397**	**96513**
TOTAL (A)	**329704**	**105688**	**125037**	**66235**	**79020**	**49956**	**99461**	**56911**	**29797**	**13803**	**84684**	**36114**	**3791**	**1327**	**1032**	**15100967**	**12144122**
Commission	34187	14584	6969	2339	5912	3890	13755	8994	4041	1449	10317	4593	379	66	358	**863539**	**709861**
Operating Expenses related to Insurance Business	48681	21439	19003	12456	13408	11133	29054	19802	16157	9538	25498	14357	1121	177	659	**960974**	**821560**
Provision for doubtful debts		107														**20985**	**110062**
Bad debts written off																**5**	**3**
Provision for Tax	410		180		107		27	5	201		272					**399290**	**561929**
Provisions (other than taxation)							310									**4741**	**16480**
(a) For diminution in the value of investments(Net)																	
(b) Others					446	243										**5557**	**(275)**
TOTAL (B)	**83278**	**36130**	**26152**	**14796**	**19873**	**15266**	**43146**	**28801**	**20398**	**10987**	**36087**	**18950**	**1500**	**243**	**1017**	**2255090**	**2219621**
Benefits Paid (Net)	65348	5651	8243	4636	4197	456	4738	2282	597	350	1755	522	22			**3521104**	**2875133**
Interim Bonuses Paid	12	3									5					**29746**	**19536**
Change in valuation of liability in respect of life policies																	
(a) Gross*	19123	64169	90754	47981	12468	8541	28188	14951	12564	3814	45193	16829	502	1084	27	**7943333**	**6548377**
(b) Amount ceded in Reinsurance			(111)	(1178)			(102)	(259)	(161)	(112)	(89)	(186)	(0)			**(3017)**	**(5331)**
(c) Amount accepted in Reinsurance																	
(d) Transfer to Linked Fund	155761				42217	28404	22237	7718					1739			**1284862**	**414744**
TOTAL (C)	**240244**	**69823**	**98885**	**51439**	**58882**	**37400**	**55061**	**24691**	**13000**	**4052**	**46864**	**17164**	**2263**	**1084**	**27**	**12776028**	**9852458**
SURPLUS/ (DEFICIT) (D) =(A)-(B)-(C)	**6182**	**(265)**		**0**	**265**	**(2711)**	**1254**	**3418**	**(3601)**	**(1236)**	**1733**		**29**		**(12)**	**69849**	**72042**
Deficit at the beginning of the year	640	904			(4967)	(2256)			1834	(4721)						**1834**	
									(5957)							(10284)	(6072)
Surplus available for appropriations	**6822**	**640**		**0**	**(4702)**	**(4967)**	**1254**	**3418**	**(7724)**	**(5957)**	**1733**		**29**		**(12)**		**65970**
APPROPRIATIONS																	
Transfer to Shareholders' Account							351	400								**63293**	**70060**
Transfer to Other Reserves	1177					244		3018			26					**1203**	**3018**
Balance being Funds for Future Appropriations	5645	640			147		(424)				1707		29			**8161**	**3815**
Deficit transferred to Balance Sheet					(4848)	(4967)	1327		(7724)	(5957)					(12)	**(11257)**	**10924**
TOTAL (D)	**6822**	**640**			**(4702)**	**(4967)**	**1254**	**3418**	**(7724)**	**(5957)**	**1733**		**29**		**(12)**	**61400**	**65969**

Note : Figures in brackets represents negative values
* Represents mathematical reserves after allocation of bonus
# Insurer commenced operations during 2005-06
$ Formerly known as AMP Sanmar
@ Revised 2004-05 financials

PROFIT AND LOSS ACCOUNT : ALL LIFE INSURERS

Particulars	BSLI		ICICI PRU		ING VYSYA		LIC		HDFC STD LIFE		MYNL		RELIANCE LIFE	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Amounts transferred from the														
Policyholders Account														
(Technical Account)			759				62177	69660			6			
Income From Investments:														
(a) Interest, Dividends & Rent – Gross	1073	937	1658	963	1092	503	995	1063	1385	653	682	356	834	702
(b) Profit on sale/redemption of investments	36	26	359	313	36	108		22	80	102	90	106	133	77
(c) (Loss on sale/ redemption of investments)	(16)	(14)	(16)	(156)	(25)	(81)			(135)	(40)	(0)		(20)	(71)
Other Income	(156)	(213)	32	15	5				(53)	(36)	4	10	(189)	(253)
TOTAL (A)	**936**	**736**	**2792**	**1135**	**1108**	**530**	**63172**	**70746**	**1277**	**679**	**781**	**472**	**758**	**455**
Expenses other than those directly														
related to the insurance business	29	36	59	41	883	82	14	(91)	183	105	271	171	104	115
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	7019	6762	23067	23335	12624	9822			13970	9547	6516	10267	10494	5742
TOTAL (B)	**7049**	**6797**	**23125**	**23376**	**13506**	**9904**	**14**	**(91)**	**14153**	**9652**	**6787**	**10438**	**10598**	**5857**
Profit/ (Loss) before tax	**(6113)**	**(6061)**	**(20333)**	**(22241)**	**(12398)**	**(9374)**	**63158**	**70837**	**(12876)**	**(8973)**	**(6006)**	**(9966)**	**(9840)**	**(5401)**
Prior Period Items														
Provision for Taxation			(1545)	(1079)	2	2								
Profit / (Loss) after tax	**(6113)**	**(6061)**	**(18788)**	**(21162)**	**(12400)**	**(9376)**	**63158**	**70837**	**(12876)**	**(8973)**	**(6006)**	**(9966)**	**(9840)**	**(5401)**
APPROPRIATIONS														
(a) Balance at the beginning of the year	(24373)	(18312)	(68570)	(47407)	(22555)	(13179)			(18782)	(9808)	(33228)	(23261)	(12360)	(6958)
(b)Interim dividends paid during the year														
(c)Proposed final dividend							62177	69660						
(d)Dividend distribution on tax														
(e)Transfer to reserves/ other accounts			7922				981	1176						
Profit carried to the Balance Sheet	**(30486)**	**(24373)**	**(95279)**	**(68570)**	**(34956)**	**(22555)**	**(0)**	**(0)**	**(31658)**	**(18782)**	**(39234)**	**(33228)**	**(22199)**	**(12360)**

Note : Figures in brackets represents negative values

STATEMENT 5

(Rs. Lakh)

BAJAJ ALLIANZ		SBI LIFE		KOTAK LIFE		TATA AIG		MET LIFE		AVIVA		SAHARA		SHRIRAM	TOTAL	
2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2005-06	2004-05
						351	400			26					**63319**	**70060**
1136	782	1950	1025	941	545	1194	657	626	725	809	664	813	1154	347	**15533**	**10467**
72	127	2855	124	25	20	767	22	30	11	36	36	62	39	14	**4596**	**1134**
(139)	(26)	(2)		(39)	(30)	(30)	(12)			(0)	(55)	(164)	(70)		**(588)**	**(555)**
	2		2					63	13			0	(262)	2	**(292)**	**(461)**
1069	**883**	**4802**	**1152**	**927**	**535**	**2283**	**1068**	**719**	**748**	**870**	**646**	**711**	**861**	**363**	**82568**	**80644**
67	46	40	132	4	7	66	263			162	105	580	455	107	**2569**	**1466**
10855	4512	4559	2170	5283	2173	7608	5364	8658	5629	15095	9637	922	1152		**126670**	**96738**
10923	**4558**	**4599**	**2302**	**5287**	**2180**	**7674**	**5627**	**8658**	**5629**	**15256**	**9743**	**1503**	**1608**	**107**	**129238**	**98204**
(9854)	**(3675)**	**203**	**(1150)**	**(4360)**	**(1645)**	**(5391)**	**(4559)**	**(7940)**	**(4881)**	**(14387)**	**(9097)**	**(791)**	**(747)**	**256**	**(46670)**	**(17560)**
								(1834)							**(1834)**	
0				83								7		39	**(1415)**	**(1077)**
(9854)	**(3676)**	**203**	**(1150)**	**(4442)**	**(1645)**	**(5391)**	**(4559)**	**(9774)**	**(4881)**	**(14387)**	**(9097)**	**(798)**	**(747)**	**218**	**(47090)**	**(16483)**
(10577)	(6901)	(3550)	(2400)	(11099)	(9230)	(17940)	(12981)	(5574)	(693)	(18939)	(9842)	(747)			**(248293)**	**(160974)**
															62177	**69660**
															8903	**1176**
(20431)	**(10577)**	**(3347)**	**(3550)**	**(15541)**	**(10875)**	**(23331)**	**(17540)**	**(15348)**	**(5574)**	**(33325)**	**(18939)**	**(1546)**	**(747)**	**218**	**(366463)**	**(248293)**

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

	BSLI		ICICI PRU		ING VYSYA		LIC		HDFC STD LIFE		MNYL		RELIANCE LIFE	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
SOURCES OF FUNDS														
SHAREHOLDERS' FUNDS:														
SHARE CAPITAL	46000	35000	118500	92500	49000	32476	500	500	61927	31909	55743	46608	33100	21710
Advanced against share capital														
SHARE APPLICATION MONEY			524			6500	17200	13219						
RESERVES AND SURPLUS									659		570	690		
CREDIT/[DEBIT] FAIR VALUE CHANGE ACCOUNT	1		1803	1	2	3			731	36	8	7	190	11
Sub-Total	**46001**	**35000**	**120827**	**92501**	**49002**	**38979**	**17700**	**13719**	**63317**	**31945**	**56321**	**47305**	**33290**	**21721**
BORROWINGS					111	185							1	419
POLICYHOLDERS' FUNDS:														
CREDIT/[DEBIT] FAIR VALUE CHANGE ACCOUNT	3		12467	2074	1073	46	6522245	2815572	2096	1750			102	9
POLICY LIABILITIES	7720	4901	112248	79353	30478	11535	44968848	38102276	114880	63774	56628	33498	6568	1790
INSURANCE RESERVES							284328	282624						
PROVISION FOR LINKED LIABILITIES	230114	116327	699963	265406	28331	18807	1343190	474879	119361	19183	17796	2533	23500	7480
Sub-Total	**237837**	**121228**	**824678**	**346833**	**59882**	**30388**	**53118612**	**41675351**	**236337**	**84707**	**74424**	**36031**	**30169**	**9279**
FUNDS FOR FUTURE APPROPRIATIONS	3	3	11344	3175			2724	1966	255		554			
TOTAL	**283841**	**156230**	**956849**	**442509**	**108994**	**69552**	**53139035**	**41691036**	**299909**	**116651**	**131299**	**83337**	**63460**	**31419**
APPLICATION OF FUNDS														
INVESTMENTS														
Shareholders'	18170	12351	44847	32095	16704	13516	16640	12063	13809	9843	13432	11379	9864	8679
Policyholders'	7199	4627	125146	80454	27265	12084	45278642	35568558	116950	60879	57384	34390	6826	1790
ASSETS HELD TO COVER LINKED LIABILITIES	230114	116327	707885	265406	28331	13326	1231528	422510	119361	19183	17796	2533	23500	7482
LOANS	202	35	142	252	42	9	5512438	5199193	294	120	16	2	188	
FIXED ASSETS	3904	3086	6105	6301	4690	3927	126214	121843	6045	7318	6839	5625	1445	1247
Deferred Tax Assets (Net)			2624	1079										
CURRENT ASSETS														
Cash and Bank Balances	5506	5478	24590	19959	8664	18458	1031251	800156	28796	7335	2864	1601	5101	1032
Advances and Other Assets	3777	2046	11211	7144	6291	6131	1824126	1619705	9869	4095	8226	4381	1799	991
Sub-Total (A)	**9284**	**7524**	**35800**	**27102**	**14955**	**24589**	**2855377**	**2419861**	**38666**	**11430**	**11089**	**5982**	**6900**	**2022**
CURRENT LIABILITIES	13309	10334	59349	37909	17386	20162	325322	489025	26586	10696	14676	10295	7390	2129
PROVISIONS	2209	1759	1631	842	563	292	1556483	1563966	287	207	185	33	72	32
Sub-Total (B)	**15518**	**12093**	**60980**	**38750**	**17949**	**20454**	**1881805**	**2052991**	**26873**	**10904**	**14861**	**10328**	**7462**	**2161**
NET CURRENT ASSETS (C) = (A – B)	**(6235)**	**(4569)**	**(25180)**	**(11648)**	**(2994)**	**4135**	**973572**	**366870**	**11793**	**527**	**(3771)**	**(4347)**	**(562)**	**(139)**
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)										371	527			
DEBIT BALANCE IN PROFIT & LOSS ACCOUNT (Shareholders' Account)	30486	24373	95279	68570	34956	22555			31658	18782	39234	33228	22199	12360
Debit balance in Policyholders' A/c														
TOTAL	**283841**	**156230**	**956849**	**442509**	**108994**	**69552**	**53139035**	**41691036**	**299909**	**116651**	**131299**	**83337**	**63460**	**31419**

Note : Figures in brackets represents negative values

STATEMENT 6

(Rs. Lakh)

BAJAJ ALLIANZ		SBI LIFE		KOTAK LIFE		TATA AIG		MET LIFE		AVIVA		SAHARA		SHRIRAM	TOTAL	
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2006	2005
15023	14976	42500	35000	24437	21133	44700	32100	23500	23500	45870	31980	15662	15649	12500	588963	435041
								9000							9000	
															17723	19719
34953	11766	704												218	37104	12456
7			160	5204	5204		572	48	31		(0)	22	0	0	8015	6024
49984	**26742**	**43204**	**35160**	**29641**	**26337**	**44700**	**32672**	**32548**	**23531**	**45870**	**31980**	**15683**	**15649**	**12718**	**660805**	**473240**
							704	452						815	1055	
130	70	3146	299	1505	151	1152	10		(3)		122				6543917	2820100
40430	21308	139128	72673	28151	15683	61239	33152	11463	5473	1537	813	1585	1084	27	45580929	38447312
														282624		
256932	55350	24398	210	75652	33434	37449	8342	7424	215	65406	21026	1827				1023193
297492	**76727**	**166671**	**73181**	**105307**	**49269**	**99840**	**41505**	**18887**	**5685**	**66943**	**21961**	**3412**	**1084**	**27**	**55340517**	**42573229**
6823	641			157	10	4345	3018			1707		29			27941	8812
354299	**104110**	**209875**	**108341**	**135104**	**75616**	**148885**	**77194**	**52139**	**29668**	**114520**	**53941**	**19125**	**16733**	**12745**	**56030078**	**43056337**
27809	16370	44075	33837	6570	5882	16771	12151	8083	9850	18458	10614	12926	12994	12603	280760	201624
47661	22018	136133	70219	29752	15717	67174	34880	11731	5473	1542	813	1532	1086	338	45915275	35912989
256932	55350	24398	210	75798	33692	37308	8342	7424	215	67111	21070	1831			2829317	965646
34	10			72	23	147	50	7							5513583	5199693
3646	3071	2885	1580	1836	2307	4116	3945	2108	2238	1232	1177	801	764	265	172133	164430
														2	2626	1079
29585	8473	9768	5588	5710	5270	7266	5239	3590	1785	7762	5202	354	350	903	1171709	885925
7629	4008	11950	5304	2800	2051	8309	6516	2793	2000	1418	1591	734	674	300	1901231	1666634
37214	**12481**	**21718**	**10892**	**8510**	**7320**	**15575**	**11755**	**6382**	**3785**	**9180**	**6792**	**1088**	**1024**	**1202**	**3072940**	**2552560**
38905	15611	22587	11934	7640	5165	15473	11487	6350	3298	15871	5308	412	200	1586	572841	633553
524	155	95	13	185	228	62	383	319	125	458	156	1	1	92	1563167	1568191
39429	**15766**	**22683**	**11947**	**7825**	**5392**	**15536**	**11870**	**6669**	**3423**	**16329**	**5465**	**413**	**201**	**1678**	**2136008**	**2201744**
(2215)	**(3285)**	**(965)**	**(1055)**	**685**	**1928**	**39**	**(115)**	**(286)**	**362**	**(7149)**	**1328**	**674**	**824**	**(476)**	**936932**	**350816**
													503		371	1030
20431	10577	3349	3550	15541	11099	23331	17940	15348	5574	33325	18939	1360	562		366497	248108
				4848	4967			7724	5957					12	12584	10924
354299	**104110**	**209875**	**108341**	**135104**	**75616**	**148885**	**77194**	**52139**	**29668**	**114520**	**53941**	**19125**	**16733**	**12745**	**56030078**	**43056337**

STATEMENT 7

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

REVENUE ACCOUNT

(Rs. Lakh)

	2005-06	2004-05
Premiums earned (Net)	**1266**	1231
Profit/ Loss on sale/redemption of Investments	**(27)**	2912
Change in Policy Liabilities	**(1793)**	(5091)
Others	**1**	1
Interest, Dividend & Rent –(Gross)	**722**	533
TOTAL (A)	**169**	**(414)**
Claims Incurred (Net)	**433**	444
Commission	**22**	26
Operating Expenses related to Insurance Business	**60**	62
Others- Amortizations,Write offs and Provisions		
Foreign Taxes		
TOTAL (B)	**515**	**532**
Operating Profit/(Loss) C= (A - B)	**(346)**	**(946)**
APPROPRIATIONS		
Transfer to Shareholders' Account		
Transfer to Catastrophe Reserve		
Transfer to Other Reserves		
TOTAL (C)	**(346)**	**(946)**

STATEMENT 8

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

PROFIT AND LOSS ACCOUNT

(Rs. Lakh)

	2005-06	2004-05
OPERATING PROFIT/(LOSS)		
(a) Fire Insurance		
(b) Marine Insurance		
(C) Miscellaneous Insurance	**(346)**	(946)
INCOME FROM INVESTMENTS		
(a) Interest, Dividend & Rent – Gross		
(b) Profit on sale of investments		
Less: Loss on sale of investments		
OTHER INCOME		
TOTAL (A)	**(346)**	**(946)**
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	**(346)**	(946)
Provision for Taxation		
Profit after Tax	**(346)**	(946)
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)

STATEMENT 9

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

BALANCE SHEET (As on 31st March)

(Rs. Lakh)

SOURCES OF FUNDS	**2006**	**2005**
Share Capital		
Policy Liabilities	**12411**	10963
Reserves and Surplus	**36**	36
Fair value change account	**7**	7
Borrowings		
TOTAL	**12453**	**11006**
APPLICATION OF FUNDS		
Investments	**10453**	10497
Loans		
Fixed Assets		
Current Assets		
Cash and Bank Balances	**1566**	16
Advances and Other Assets	**860**	571
Total Current Assets (A)	**2427**	**587**
Current Liabilities	**427**	79
Provisions		
Total Current Liabilities (B)	**427**	**79**
Net Current Assets (C) = (A - B)	**2000**	**509**
Miscelleneous Expenditure (to the extent not written off)		
Debit balance in Profit and Loss A/c		
TOTAL	**12453**	**11006**

Revenue Account : Public Sector Non-Life Insurers

(Rs. Lakh)

NEW INDIA

PARTICULARS	2005-06 Fire	2005-06 Marine	2005-06 Misc	2005-06 Total	2004-05 Fire	2004-05 Marine	2004-05 Misc	2004-05 Total
Premiums earned *(Net)*	83088	16860	312151	**412099**	79884	17297	279536	**376717**
Profit/ Loss on sale/ redemption of Investments	9564	3626	56750	**69941**	5117	2125	30465	**37707**
Others								
Interest, Dividend & Rent – *Gross*	7935	3008	47083	**58027**	7328	3043	43626	**53996**
TOTAL (A)	**100588**	**23494**	**415985**	**540066**	**92329**	**22465**	**353627**	**468420**
Claims Incurred *(Net)*	60151	11525	291525	**363201**	32702	9850	247946	**290498**
Commission	7178	822	29628	**37628**	7119	1579	24490	**33188**
Operating Expenses related to Insurance Business	30556	5899	94234	**130689**	29058	5389	84371	**118819**
Others- Amortizations,Write offs & Provisions	606	230	3596	**4432**	366	146	2126	**2638**
Foreign Taxes	139	2	373	**514**				
TOTAL (B)	**98630**	**18478**	**419356**	**536464**	**69246**	**16964**	**358932**	**445142**
Operating Profit/(Loss) from Fire/Marine/Miscellaneous Business C= (A - B)	**1957**	**5016**	**(3371)**	**3602**	**23083**	**5500**	**(5305)**	**23278**
APPROPRIATIONS								
Transfer to Shareholders' Account	1957	5016	(3371)	**3602**	23083	5500	(5305)	**23278**
Transfer to Catastrophe Reserve								
Transfer to Other Reserves								
TOTAL (C)	**1957**	**5016**	**(3371)**	**3602**	**23083**	**5500**	**(5305)**	**23278**

ORIENTAL

PARTICULARS	2005-06 Fire	2005-06 Marine	2005-06 Misc	2005-06 Total	2004-05 Fire	2004-05 Marine	2004-05 Misc	2004-05 Total
Premiums earned *(Net)*	33763	13632	188189	**235584**	33690	11784	166843	**212317**
Profit/ Loss on sale/ redemption of Investments	4586	2115	41550	**48251**	3103	1680	30048	**34831**
Others	(71)	2	(61)	**(131)**	98	36	(27)	**107**
Interest, Dividend & Rent – *Gross*	3243	1496	29385	**34124**	4235	2292	41013	**47540**
TOTAL (A)	**41522**	**17244**	**259062**	**317828**	**41126**	**15791**	**237878**	**294795**
Claims Incurred *(Net)*	23090	8531	174854	**206474**	15885	7959	166994	**190838**
Commission	(1032)	706	10666	**10340**	(543)	626	8374	**8457**
Operating Expenses related to Insurance Business	14160	6189	64727	**85076**	13094	4581	55313	**72989**
Others- Amortizations,Write offs & Provisions	143	66	1292	**1500**	104	57	1011	**1172**
Foreign Taxes								
TOTAL (B)	**36361**	**15491**	**251538**	**303390**	**28542**	**13222**	**231692**	**273456**
Operating Profit/(Loss) from Fire/Marine/Miscellaneous Business C= (A - B)	**5161**	**1753**	**7524**	**14438**	**12585**	**2569**	**6185**	**21339**
APPROPRIATIONS								
Transfer to Shareholders' Account	**5161**	**1753**	**7524**	**14438**	12585	2569	6185	21339
Transfer to Catastrophe Reserve								
Transfer to Other Reserves								
TOTAL (C)	**5161**	**1753**	**7524**	**14438**	**12585**	**2569**	**6185**	**21339**

Figures in brackets indicate negative amounts

Revenue Account : Public Sector Non-Life Insurers

(Rs. Lakh)

PARTICULARS	NATIONAL 2005-06 Fire	Marine	Misc	Total	NATIONAL 2004-05 Fire	Marine	Misc	Total	UNITED 2005-06 Fire	Marine	Misc	Total	UNITED 2004-05 Fire	Marine	Misc	Total	TOTAL 2004-05	TOTAL 2003-04
Premiums earned *(Net)*	35727	11876	228715	**276317**	35259	11300	219855	**266414**	40808	10656	167969	**219433**	42548	11329	162387	**216265**	**1143433**	1071713
Profit/Loss on sale/redemption of Investments	3252	1613	36639	**41505**	1447	840	16779	**19066**	4933	2268	47458	**54659**	3186	1487	28504	**33177**	**214355**	124780
Others			75	**75**	56		109	**165**	(10)	365	56	**412**	67	16	133	**215**	**355**	487
Interest, Dividend & Rent-*Gross*	2896	1437	32632	**36965**	2598	1508	30127	**34234**	3932	1808	37827	**43567**	4177	1949	37373	**43499**	**172683**	179270
TOTAL (A)	**41875**	**14926**	**298061**	**354862**	**39360**	**13648**	**266870**	**319878**	**49663**	**15097**	**253310**	**318070**	**49979**	**14781**	**228396**	**293156**	**1530827**	**1376250**
Claims Incurred *(Net)*	24658	8560	249815	**283033**	14411	7244	204696	**226350**	18079	7268	178930	**204277**	15246	7822	176785	**199853**	**1056985**	907539
Commission	1323	501	12231	**14055**	(2069)	(515)	10334	**7749**	(1401)	220	7579	**6398**	(3088)	(590)	5676	**1999**	**68421**	51393
Operating Expenses related to Insurance Business	13145	3369	71747	**88261**	13150	4514	68276	**85939**	20988	4913	71765	**97666**	19075	5503	61706	**86284**	**401692**	364031
Others-Amortizations, Write offs & Provisions	27	3		**29**		81		**81**	422	194	4059	**4675**	269	125	2404	**2798**	**10636**	6689
Foreign Taxes																		
TOTAL (B)	**39153**	**12433**	**333793**	**385379**	**25491**	**11323**	**283305**	**320119**	**38089**	**12594**	**262333**	**313015**	**31502**	**12861**	**246571**	**290934**	**1538249**	**1329652**
Operating Profit/(Loss) from Fire/Marine/Miscellaneous Business C=(A-B)	**2722**	**2493**	**(35732)**	**(30517)**	**13869**	**2325**	**(16435)**	**(241)**	**11574**	**2503**	**(9022)**	**5055**	**18477**	**1920**	**(18175)**	**2222**	**(7422)**	**46598**
APPROPRIATIONS	2722	2493	(35732)	(30517)	13869	2325	(16435)	(241)	11574	2503	(9022)	5055	18477	1920	(18175)	2222	**(7422)**	46598
Transfer to Shareholders' Account																		
Transfer to Catastrophe Reserve																		
Transfer to Other Reserves																		
TOTAL (C)	**2722**	**2493**	**(35732)**	**(30517)**	**13869**	**2325**	**(16435)**	**(241)**	**11574**	**2503**	**(9022)**	**5055**	**18477**	**1920**	**(18175)**	**2222**	**(7422)**	**46598**

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	
	2005-06	**2004-05**	**2005-06**	**2004-05**	**2005-06**	**2004-05**	**2005-06**	**2004-05**	**2005-06**	**2004-05**
OPERATING PROFIT/(LOSS)										
(a) Fire Insurance	1957	23083	5161	12585	2722	13869	11574	18477	**21414**	**68013**
(b) Marine Insurance	5016	5500	1753	2569	2493	2325	2503	1920	**11765**	**12315**
(c) Miscellaneous Insurance	(3371)	(5305)	7524	6185	(35732)	(16435)	(9022)	(18175)	**(40601)**	**(33730)**
	3602	**23278**	**14438**	**21339**	**(30517)**	**(241)**	**5055**	**2222**	**(7422)**	**46598**
INCOME FROM INVESTMENTS										
(a) Interest, Dividend & Rent – Gross	36424	33886	12169	14918	10602	9774	18547	17220	**77742**	**75798**
(b) Profit on sale of investments	43909	23887	17207	10930	11918	5445	23278	13136	**96312**	**53398**
Less: Loss on sale of investments	(6)	(224)			(14)	(2)	(9)	(3)	**(29)**	**(228)**
OTHER INCOME	3864	1301	671	685	1095	1055	393	363	**6023**	**3403**
TOTAL (A)	**87793**	**82129**	**44485**	**47871**	**(6917)**	**16031**	**47264**	**32938**	**172626**	**178969**
PROVISIONS (Other than taxation)										
(a) For diminution in the value of investments	108	825	(216)	179	(3029)	196	(19)	(90)	**(3156)**	**1109**
(b) For doubtful debts	172	507	10527	308	729	551	789	49	**12218**	**1415**
(c) Others	2502	280	283	236					**2785**	**516**
OTHER EXPENSES										
(a) Expenses other than those related to Insurance Business					1347	88	1220	39	**2567**	**127**
(b) Bad debts written off				(103)						**(103)**
(c) Others	(546)	729	472	81		1075		1110	**(75)**	**2995**
TOTAL (B)	**2236**	**2341**	**11066**	**701**	**(953)**	**1910**	**1990**	**1108**	**14339**	**6059**
Profit Before Tax	85557	79788	33419	47170	(5964)	14121	45274	31830	**158286**	**172910**
Provision for Taxation	13919	39565	5028	14118	4661	1009	2751	1059	**26359**	**55751**
Profit after Tax	71638	40223	28392	33052	(10625)	13112	42523	30771	**131927**	**117159**
APPROPRIATIONS										
(a) Interim dividends paid during the year		2000		1250						**3250**
(b) Proposed final dividend	13000	6000	5000	1750		2500	8600	6200	**26600**	**16450**
(c) Dividend distribution tax	1823	1103	701	409		351	1206	877	**3731**	**2740**
(d) Transfer to any Reserves or Other Accounts										
Transfer to General Reserve	56814	31120			(10625)	10262	32717	23694	**78906**	**65076**
Balance of Profit / Loss B/f from last year										
Balance C/f to Balance Sheet			**22690**	**29644**		**0**	**(0)**		**22690**	**29644**

Figures in brackets indicate negative amounts

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

(Rs. Lakh)

SOURCES OF FUNDS	NEW INDIA		ORIENTAL		NATIONAL		UNITED		TOTAL	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Share Capital	20000	15000	10000	10000	10000	10000	10000	10000	**50000**	**45000**
Reserves & Surplus	460803	416641	154552	131861	101002	111627	225740	192958	**942097**	**853088**
Fair Value Change Account	1221127	684697	670703	369147	681624	396656	495752	293940	**3069206**	**1744440**
Borrowings										
Deferred Tax Liability										
TOTAL	**1701930**	**1116338**	**835255**	**511008**	**792626**	**518284**	**731492**	**496898**	**4061304**	**2642528**
APPLICATION OF FUNDS										
Investments	2066526	1457523	1126268	766420	1094224	737656	1080409	825814	**5367427**	**3787412**
Loans	78652	87413	43269	49491	45913	50846	62982	70299	**230815**	**258050**
Fixed Assets	12106	11441	8460	6350	6758	8985	7067	6493	**34391**	**33268**
Deferred Tax Assets	6175	8407		5681					**6175**	**14088**
CURRENT ASSETS										
Cash & Bank Balance	305971	228609	102676	101850	97149	120103	89048	79524	**594844**	**530086**
Advances and Other Assets	*223012*	*173856*	*73831*	57395	136601	109505	116631	81811	**550076**	**422567**
Sub-Total (A)	528983	402465	176507	159245	233750	229609	205680	161335	**1144920**	**952654**
CURRENT LIABILITIES	**713474**	**608525**	**354576**	348889	447829	361627	471023	441934	**1986902**	**1760976**
Provisions	*287154*	*257857*	*174972*	143036	152357	165524	153623	146974	**768105**	**713391**
Sub-Total (B)	1000628	866382	529548	491925	600186	527152	624646	588908	**2755008**	**2474367**
Net Current Assets (C)= (A-B)	**(471645)**	**(463918)**	**(353040)**	**(332680)**	**(366436)**	**(297543)**	**(418966)**	**(427572)**	**(1610088)**	**(1521713)**
Misc. Expenditure *(to the extent not written off or adjusted)*	10116	15472	10298	15746	12168	18340		21864	**32583**	**71422**
Profit & Loss Account (Debit Balance)										
TOTAL	**1701930**	**1116338**	**835255**	**511008**	**792626**	**518284**	**731492**	**496898**	**4061304**	**2642528**

Figures in brackets indicate negative amounts

Revenue Account : Private Sector Non-Life Insurers

(Rs. Lakh)

PARTICULARS	ROYAL SUNDARAM					BAJAJ ALLIANZ				
	Fire	Marine	Misc.	2005-06	2004-05	Fire	Marine	Miscl.	2005-06	2004-05
Premiums earned (Net)	2340	1101	21502	**24944**	17328	7399	2196	49042	**58637**	37092
Profit/ Loss on sale/redemption of Investments	7	3	60	**70**	(16)	105	16	260	**382**	534
Others			3	**3**	3	213	57	435	**705**	71
Interest, Dividend & Rent – Gross	127	61	1148	**1337**	841	799	124	1971	**2893**	2319
TOTAL (A)	**2474**	**1166**	**22714**	**26354**	**18156**	**8517**	**2392**	**51707**	**62616**	**40015**
Claims Incurred (Net)	929	1041	14196	**16166**	11371	5769	2480	32750	**40999**	22633
Commission	(1663)	43	1001	**(619)**	(523)	(6690)	(259)	728	**(6222)**	(4194)
Operating Expenses related to Insurance Business	2055	306	8121	**10481**	7282	4747	756	15360	**20864**	14905
Premium Deficiency								293	**293**	7
TOTAL (B)	**1321**	**1390**	**23318**	**26028**	**18130**	**3826**	**2978**	**49130**	**55934**	**33351**
Operating Profit/(Loss) C= (A - B)	**1153**	**(224)**	**(604)**	**325**	**27**	**4691**	**(586)**	**2577**	**6682**	**6664**
APPROPRIATIONS										
Transfer to Shareholders' Account	1153	(224)	(604)	**325**	27	4691	(586)	2577	**6682**	6664
Transfer to Catastrophe Reserve										
Transfer to Other Reserves										
TOTAL (C)	**1153**	**(224)**	**(604)**	**325**	**27**	**4691**	**(586)**	**2577**	**6682**	**6664**

Note : Figures in brackets indicates negative amounts

Contd...

Revenue Account : Private Sector Non-Life Insurers

(Rs. Lakh)

PARTICULARS	IFFCO TOKIO					ICICI LOMBARD				
	Fire	**Marine**	**Misc.**	**2005-06**	**2004-05**	**Fire**	**Marine**	**Miscl.**	**2005-06**	**2004-05**
Premiums earned (Net)	4368	1928	28303	**34598**	17537	3480	1164	48124	**52768**	21561
Profit/ Loss on sale/redemption of Investments	10	5	39	**54**	11	358	124	2701	**3182**	1373
Others			3	**3**	69		(2)	(40)	**(43)**	(2)
Interest, Dividend & Rent – Gross	421	191	1568	**2180**	1014	237	81	1758	**2076**	1003
TOTAL (A)	**4799**	**2124**	**29912**	**36835**	**18631**	**4075**	**1366**	**52542**	**57983**	**23935**
Claims Incurred (Net)	1195	2452	20761	**24407**	11923	1701	2019	35205	**38925**	15476
Commission	(5507)	108	1388	**(4011)**	(4535)	(8343)	(1055)	(3175)	**(12573)**	(8927)
Operating Expenses related to Insurance Business	4511	792	9986	**15289**	9718	5903	1606	22318	**29827**	15094
Premium Deficiency		50		**50**	10					(352)
TOTAL (B)	**199**	**3402**	**32134**	**35735**	**17115**	**(738)**	**2570**	**5438**	**56180**	**21291**
Operating Profit/(Loss) C= (A - B)	**4600**	**(1278)**	**(2222)**	**1100**	**1515**	**4813**	**(1204)**	**(1806)**	**1804**	**2644**
APPROPRIATIONS										
Transfer to Shareholders' Account	**4600**	**(1278)**	**(2222)**	**1100**	**1515**	**4813**	**(1204)**	**(1806)**	**1804**	**2644**
Transfer to Catastrophe Reserve										
Transfer to Other Reserves										
TOTAL (C)	**4600**	**(1278)**	**(2222)**	**1100**	**1515**	**4813**	**(1204)**	**(1806)**	**1804**	**2644**

Note : Figures in brackets indicates negative amounts

Contd...

Revenue Account : Private Sector Non-Life Insurers

(Rs. Lakh)

PARTICULARS	TATA AIG					RELIANCE				
	Fire	Marine	Misc.	2005-06	2004-05	Fire	Marine	Misc.	2005-06	2004-05
Premiums earned (Net)	1085	2484	24987	**28556**	22760	1357	427	3613	**5397**	4803
Profit/ Loss on sale/redemption of Investments	15	38	332	**385**	3	16	4	34	**53**	64
Others	17	6	78	**101**	127					20
Interest, Dividend & Rent – Gross	111	172	1511	**1794**	1679	122	27	265	**414**	429
TOTAL (A)	**1227**	**2699**	**26909**	**30835**	**24569**	**1494**	**458**	**3912**	**5864**	**5315**
Claims Incurred (Net)	797	2156	13061	**16015**	12549	1299	766	1379	**3444**	3836
Commission	(3616)	(50)	1564	**(2102)**	(649)	(1066)	(104)	(225)	**(1395)**	(1967)
Operating Expenses related to Insurance Business	1238	959	12916	**15113**	10655	468	193	2063	**2724**	3431
Premium Deficiency										
TOTAL (B)	**(1581)**	**3066**	**27541**	**29026**	**22555**	**701**	**855**	**3217**	**4773**	**5301**
Operating Profit/(Loss) C= (A - B)	**2808**	**(367)**	**(632)**	**1809**	**2014**	**793**	**(397)**	**694**	**1091**	**15**
APPROPRIATIONS										
Transfer to Shareholders' Account	2808	(367)	(632)	**1809**	2014	793	(397)	694	**1091**	15
Transfer to Catastrophe Reserve										
Transfer to Other Reserves										
TOTAL (C)	**2808**	**(367)**	**(632)**	**1809**	**2014**	**793**	**(397)**	**694**	**1091**	**15**

Note : Figures in brackets indicates negative amounts

Contd...

Revenue Account : Private Sector Non-Life Insurers

(Rs. Lakh)

PARTICULARS	CHOLAMANDALAM					RELIANCE					TOTAL	
	Fire	Marine	Misc.	2005-06	2004-05	Fire	Marine	Miscl	2005-06	2004-05	2005-06	2004-05
Premiums earned (Net)	1444	546	6849	**8840**	7104	158	50	13627	**13835**	11925	**227575**	**140109**
Profit/ Loss on sale/redemption of Investments	15	2	19	**36**	53	0		11	**12**	34	**4174**	**2056**
Others	7	1	38	**45**	9	(1)	(1)	57	**55**	(94)	**869**	**203**
Interest, Dividend & Rent – Gross	271	45	343	**659**	383	16	3	701	**720**	532	**12071**	**8199**
TOTAL (A)	**1738**	**594**	**7248**	**9580**	**7550**	**173**	**52**	**14397**	**14622**	**12397**	**244690**	**150568**
Claims Incurred (Net)	1357	602	4935	**6893**	5472	252	37	7684	**7973**	7913	**154822**	**91173**
Commission	(1462)	(101)	(609)	**(2172)**	(1226)	(146)	(9)	935	**780**	1071	**(28312)**	**(20950)**
Operating Expenses related to Insurance Business	1919	438	3363	**5719**	4293	133	44	5590	**5767**	4608	**105785**	**69985**
Premium Deficiency					(14)						**343**	**(349)**
TOTAL (B)	**1814**	**939**	**7688**	**10440**	**8524**	**239**	**72**	**14210**	**14521**	**13592**	**232638**	**139859**
Operating Profit/(Loss) C= (A - B)	**(76)**	**(345)**	**(440)**	**(860)**	**(974)**	**(66)**	**(19)**	**187**	**101**	**(1195)**	**12052**	**10709**
APPROPRIATIONS												
Transfer to Shareholders' Account	(76)	(345)	(440)	**(860)**	(974)	(66)	(19)	187	**101**	(1195)	**12052**	**10709**
Transfer to Catastrophe Reserve												
Transfer to Other Reserves												
TOTAL (C)	**(76)**	**(345)**	**(440)**	**(860)**	**(974)**	**(66)**	**(19)**	**187**	**101**	**(1195)**	**12052**	**10709**

Note : Figures in brackets indicates negative amounts

Profit and Loss Account : Private Sector Non-Life Insurers

(Rs. Lakh)

PARTICULARS	ROYAL SUNDARAM		BAJAJ ALLIANZ		TATA AIG		RELIANCE		IFFCO TOKIO		ICICI LOMBARD		CHOLAMANDALAM		HDFC CHUBB		TOTAL	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
OPERATING PROFIT/(LOSS)																		
(a) Fire Insurance	1153	742	4691	4724	2808	1793	793	734	4600	2815	4813	5235	(70)	179	(66)	(27)	18723	16195
(b) Marine Insurance	(224)	(6)	(586)	(555)	(367)	(86)	(397)	(83)	(1278)	(651)	(1204)	(819)	(345)	(111)	(19)	(7)	(4419)	(2318)
(c) Miscellaneous Insurance	(604)	(710)	2577	2496	(632)	307	694	(637)	(2222)	(649)	(1806)	(1773)	(440)	(1042)	187	(1160)	(2245)	(3169)
INCOME FROM INVESTMENTS																		
(a) Interest, Dividend & Rent – **Gross**	668	530	981	841	1149	892	918	789	1316	847	1468	1166	573	562	602	539	7675	6166
(b) Profit on sale of investments	35	38	166	255	255	2	118	142	33	9	2256	1694	36	78	10	34	2909	2253
Less: Loss on sale of investments	(1)	(48)	(36)	(61)	(3)			(25)			(40)	(98)	(5)			(0)	(84)	(233)
Other Income	2	3	584	56	73	47	(20)	(8)		17	0	8			(152)	(96)	487	27
TOTAL (A)	1030	550	8376	7756	3283	2955	2108	912	2449	2389	5488	5412	(250)	(334)	561	(717)	23045	18922
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	15	5	175	42	597	140		42	39	25	35	25			81	64	943	343
(b) Bad debts written off																		
(c) Others -preliminary & pre-operative,amortizations		10	18	18		374		37								17	18	457
TOTAL (B)	15	15	193	60	597	514		191	39	25	35	25			81	81	961	911
Profit Before Tax	1015	535	8183	7696	2687	2440	2108	721	2410	2364	5453	5387	(250)	(334)	480	(799)	22085	18011
Provision for Taxation	151	34	3026	2987	1326	1216	671	138	948	892	422	553	62		39	0	6646	5819
Profit After Tax	863	501	5156	4709	1360	1224	1437	583	1462	1472	5031	4835	(312)	(334)	441	(799)	15438	12192
APPROPRIATIONS																		
(a) Interim dividends paid during the year																		
(b) Proposed final dividend									880		2325	2200					3205	2200
(c) Dividend distribution tax									123		326	288					450	288
(d) Transfer to any Reserves or Deferred Tax of last year																		
(e) catastrophe Reserve																		
Balance of profit/ loss B/f from last year	(2738)	(3239)	6879	2170	(1638)	(2862)	3641	3057	2520	1048	2940	593	(1259)	(926)	(3651)	(2852)	6695	(3009)
Balance C/f to Balance Sheet	(1875)	(2738)	12036	6879	(277)	(1638)	5078	3641	2979	2520	5320	2940	(1571)	(1259)	(3210)	(3651)	18479	6695

Note : Figures in brackets indicates negative amounts

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

(Rs. Lakh)

SOURCES OF FUNDS	ROYAL SUNDARAM		BAJAJ ALLIANZ		TATA AIG		RELIANCE		IFFCO TOKIO		ICICI LOMBARD		CHOLAMANDALAM		HDFC CHUBB		TOTAL	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Share Capital	14000	13000	11005	10982	19500	12500	10200	10200	22000	10000	24500	22000	14196	14196	12474	11957	**127875**	**104835**
Reserves & Surplus			15702	6879			5078	3641	5990	2532	12792	2940					**39562**	**15992**
Fair Value Change Account	1		967	380	680	92	442				4386	665		1	2	0	**6477**	**1139**
Borrowings	3	26			44										16	30	**64**	**56**
Others																		
Deferred Tax Liability																		
TOTAL	**14004**	**13026**	**27674**	**18242**	**20225**	**12592**	**15719**	**13841**	**27990**	**12532**	**41678**	**25606**	**14196**	**14197**	**12491**	**11986**	**173977**	**122022**
APPLICATION OF FUNDS																		
Investments	36650	25825	75802	58355	43204	30244	21934	17283	36305	19359	90646	46409	21598	19818	18682	17696	**344821**	**234990**
Loans					1	12											**1**	**12**
Fixed Assets	1307	1360	3530	3069	2485	1911	341	283	1608	1280	4730	3366	802	896	909	966	**15712**	**13132**
Deferred Tax Asset			536	842			9	6	737	400	561	343					**1843**	**1591**
CURRENT ASSETS																		
Cash and Bank Balances	3348	2921	9810	7313	3619	5315	1084	3025	27951	16083	10779	5001	1330	951	1541	940	**59462**	**41549**
Advances and Other Assets	3634	2545	16651	4177	11454	4407	2108	1629	9721	2880	57193	21774	2210	1491	1980	1590	**104950**	**40492**
Sub-Total (A)	6982	5466	26461	11490	15072	9722	3192	4654	37672	18964	67972	26774	3540	2442	3521	2529	**164413**	**82041**
CURRENT LIABILITIES	17206	11518	40811	28300	19706	16195	6188	4872	20815	14003	83094	32776	7610	5565	6393	6021	**201822**	**119250**
Provisions	15604	10845	37844	27215	21110	14857	3568	3512	27517	13468	39137	18511	5705	4653	7538	6999	**158023**	**100059**
Sub-Total (B)	32809	22363	78655	55515	40815	31052	9756	8385	48333	27471	122231	51286	13315	10218	13930	13020	**359845**	**219310**
NET CURRENT ASSETS (C) = (A - B)	**(25827)**	**(16897)**	**(52194)**	**(44025)**	**(25743)**	**(21330)**	**(6564)**	**(3731)**	**(10660)**	**(8507)**	**(54258)**	**(24512)**	**(9775)**	**(7776)**	**(10410)**	**(10491)**	**(195432)**	**(137268)**
Misc. Expenditure (to the extent not written off or adjusted)						117									99	163	**99**	**280**
Profit & Loss Account (Debit Balance)	1875	2738			277	1638							1571	1259	3210	3651	**6933**	**9286**
TOTAL	**14004**	**13026**	**27674**	**18242**	**20225**	**12592**	**15719**	**13841**	**27990**	**12532**	**41678**	**25606**	**14196**	**14197**	**12491**	**11986**	**173977**	**122022**

Note : Figures in brackets indicates negative amounts

STATEMENT 16

GENERAL INSURANCE CORPORATION (GIC)
REVENUE ACCOUNT

(Rs. Lakh)

	2005-06					2004-05				
	Fire	**Marine**	**Misc**	**Life**	**Total**	**Fire**	**Marine**	**Misc**	**Life**	**Total**
Premiums earned *(Net)*	127344	33484	284925	131	**445884**	134099	29617	273583	70	**437368**
Profit/ Loss on sale/redemption of										
Investments	10279	4533	35256		**50067**	5989	2386	19908		**28282**
Others	(38)	30	82	(0)	**74**	419	(19)	(21)	(0)	**379**
Interest, Dividend & Rent – *Gross*	12247	5401	42008	6	**59661**	12044	4799	40037	3	**56882**
TOTAL (A)	**149832**	**43447**	**362270**	**136**	**555686**	**152550**	**36783**	**333506**	**72**	**522912**
Claims Incurred *(Net)*	92767	31877	332615	48	**457307**	81270	30159	258607	244	**370280**
Commission	41505	7387	61379	22	**110293**	45863	8184	66702		**120749**
Operating Expenses related to Insurance										
Business Foreign Taxes	1521	243	2746	23	**4533**	1273	244	2528	16	**4060**
TOTAL (B)	**135793**	**39507**	**396741**	**93**	**572133**	**128406**	**38586**	**327836**	**260**	**495089**
Operating Profit/(Loss) C = (A - B)	14039	3940	(34470)	43	(16448)	24144	(1803)	5670	(188)	27823
APPROPRIATIONS										
Transfer to Shareholders' Account	14039	3940	(34470)	43	**(16448)**	24144	(1803)	5670	(188)	**27823**
Transfer to Catastrophe Reserve										
Transfer to Other Reserves										
TOTAL (C)	**14039**	**3940**	**(34470)**	**43**	**(16448)**	**24144**	**(1803)**	**5670**	**(188)**	**27823**

Note : Figures in brackets indicate negative values

STATEMENT 17

GENERAL INSURANCE CORPORATION (GIC)
PROFIT AND LOSS ACCOUNT

(Rs. Lakh)

PARTICULARS	2005-06	2004-05
OPERATING PROFIT/(LOSS)		
(a) Fire Insurance	14039	24144
(b) Marine Insurance	3940	(1803)
(c) Miscellaneous Insurance	(34470)	5670
(d) Life Insurance	43	(188)
	(16448)	27823
INCOME FROM INVESTMENTS		
(a) Interest, Dividend & Rent – Gross	33868	36608
(b) Profit on sale of investments	28424	18202
Less: Loss on sale of investments		
OTHER INCOME	458	5595
TOTAL (A)	**46302**	**88228**
PROVISIONS (Other than taxation)		
(a) For diminution in the value of investments	(976)	1228
(b) For doubtful debts		3580
(c) Others		3338
OTHER EXPENSES		
(a) Expenses other than those related Insurance business	2984	
(b) Bad debts written off		
(c) Others		73
TOTAL (B)	**2008**	**8220**
Profit before Tax	44294	80008
Provision for Taxation	(15558)	60006
Profit after Tax	59852	20002
APPROPRIATIONS		
(a) Interim dividends paid during the year		
(b) Proposed final dividend	8600	6450
(c) Dividend distribution tax	1206	905
(d) Transfer to any Reserves or other Accounts		
(e) Transfer to General Reserve	50050	12650
(f) Balance of Profit / Loss B/f from last year	6	8
(g) Balance c/f to Balance Sheet	2	6

Note : Figures in brackets indicate negative values

STATEMENT 18

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

(Rs. Lakh)

SOURCES OF FUNDS	2006	2005
Share Capital	43000	21500
Reserves & Surplus	432913	404426
Fair Value Change Account	1031161	514414
Borrowings		
Deferred Tax Liability		402
TOTAL	**1507074**	**940742**
APPLICATION OF FUNDS		
Investments	2138083	1463026
Loans	75323	80405
Fixed Assets	4276	4031
Deferred Tax Asset	16989	
CURRENT ASSETS		
Cash & Bank Balance	187645	149437
Advances and Other Assets	220088	258286
Sub-Total (A)	**407732**	**407723**
CURRENT LIABILITIES	**872167**	**649893**
Provisions	263162	364550
Sub-Total (B)	**1135329**	**1014442**
Net Current Assets (C)= (A-B)	**(727597)**	**(606719)**
Misc. Expenditure		
(to the extent not written off or adjusted)		
Profit & Loss Account (Debit Balance)		
TOTAL	**1507074**	**940742**

Note : Figures in brackets indicate negative values

STATEMENT 19

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

(Rs. Lakh)

PARTICULARS	**2005-06**	**2004-05**
Premiums earned *(Net)*	54305	47613
Profit/ Loss on sale/redemption of Investments	0	1
Others	67	71
Interest, Dividend & Rent – *Gross*	9611	7066
TOTAL (A)	**63983**	**54751**
Claims Incurred *(Net)*	24964	40386
Commission	(9)	(49)
Operating Expenses related to Insurance Business	11308	5628
Others- Amortizations,Write offs & Provisions		
Foreign Taxes		
TOTAL (B)	36263	45966
Operating Profit/(Loss) from Fire/Marine/Miscellaneous Business C= (A - B)	**27720**	**8785**
APPROPRIATIONS		
Transfer to Shareholders' Account	27720	8785
Transfer to Catastrophe Reserve		
Transfer to Other Reserves		
TOTAL (C)	**27720**	**8785**

Note : Figures in brackets indicate negative values

STATEMENT 20

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

(Rs. Lakh)

PARTICULARS	2005-06	2004-05
OPERATING PROFIT/(LOSS)		
(a) Fire Insurance		
(b) Marine Insurance		
(c) Miscellaneous Insurance	27720	8785
	27720	**8785**
INCOME FROM INVESTMENTS		
(a) Interest, Dividend & Rent – Gross	6145	4343
(b) Profit on sale of investments		
Less: Loss on sale of investments		
OTHER INCOME	420	104
TOTAL (A)	**34285**	**13232**
PROVISIONS (Other than taxation)		
(a) For diminution in the value of investments		
(b) For doubtful debts	28	713
(c) Others		
OTHER EXPENSES		
(a) Expenses other than those related to Insurance Business		
(b) Bad debts written off		
(c) Others		
TOTAL (B)	**28**	**713**
Profit Before Tax	34257	12519
Provision for Taxation	12181	4338
Prior Period Adjustments	(100)	568
Profit after Tax	22176	7614
APPROPRIATIONS		
(a) Interim dividends paid during the year	1000	
(b) Proposed final dividend	3435	1523
(c) Dividend distribution tax	482	199
(d) Transfer to any Reserves or Other Accounts		
Transfer to General Reserve	17259	5892
Balance of Profit / Loss B/f from last year	2	2
Balance C/f to Balance Sheet	**2**	**2**

Note : Figures in brackets indicate negative values

STATEMENT 21

EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD (ECGC) : BALANCE SHEET (As on 31st March)

(Rs. Lakh)

SOURCES OF FUNDS	2006	2005
Share Capital	70000	60000
Reserves & Surplus	39847	22588
Fair Value Change Account		
Borrowings		
Deferred Tax Liability		
TOTAL	**109847**	**82588**
APPLICATION OF FUNDS		
Investments	4672	4672
Loans	402	964
Fixed Assets	5616	5660
CURRENT ASSETS		
Cash & Bank Balance	248774	201062
Advances and Other Assets	10171	12302
Sub-Total (A)	**258945**	**213364**
CURRENT LIABILITIES	**116573**	**114151**
Provisions	45121	28301
Sub-Total (B)	**161693**	**142452**
Net Current Assets (C)= (A-B)	**97251**	**70912**
Deferred Tax Assets	1906	*381*
Misc. Expenditure *(to the extent not written off or adjusted)*		
Profit & Loss Account (Debit Balance)		
TOTAL	**109847**	**82588**

STATEMENT 22

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

(Rs. Lakh)

PARTICULARS	**2005-06**	**2004-05**
Premiums earned *(Net)*	55092	45537
Profit/ Loss on sale/redemption of Investments		
Others		
Interest, Dividend & Rent – *Gross*	4711	4771
TOTAL (A)	**59803**	**50309**
Claims Incurred *(Net)*	51873	27685
Commission	(24)	(10)
Operating Expenses related to Insurance Business	1217	845
Others- Amortizations,Write offs & Provisions	169	57
Foreign Taxes		
TOTAL (B)	**53236**	**28576**
Operating Profit/(Loss) from Fire/ Marine/Miscellaneous Business C= (A - B)	**6567**	**21732**
APPROPRIATIONS		
Transfer to Shareholders' Account	6567	21732
Transfer to Catastrophe Reserve		
Transfer to Other Reserves		
TOTAL (C)	**6567**	**21732**

Note : 1. Figures in brackets indicate negative values
2. For recognition of premium, the period is considered as June-May
3. * Acccounts as approved by Board and pending CAG audit.

STATEMENT 23

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

(Rs. Lakh)

PARTICULARS	2005-06	2004-05
OPERATING PROFIT/(LOSS)		
(a) Fire Insurance		
(b) Marine Insurance		
(c) Miscellaneous Insurance	6567	21732
	6567	**21732**
INCOME FROM INVESTMENTS		
(a) Interest, Dividend & Rent – Gross	2020	749
(b) Profit on sale of investments	150	
Less: Loss on sale of investments		
OTHER INCOME	56	5
TOTAL (A)	**8793**	**22486**
PROVISIONS (Other than taxation)		
(a) For diminution in the value of investments		
(b) For doubtful debts		
(c) Others	73	21
OTHER EXPENSES		
(a) Expenses other than those related to Insurance Business	449	3
(b) Bad debts written off		
(c) Others		45
TOTAL (B)	**522**	**69**
Profit Before Tax	8271	22417
Provision for Taxation	3091	5571
Profit after Tax	5181	16846
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	5181	8462
Balance of Profit / Loss B/f from last year		(8292)
Balance C/f to Balance Sheet		

Note : Figures in brackets indicate negative values

STATEMENT 24

AGRICULTURE INSURANCE COMPANY OF INDIA LTD (AIC) : BALANCE SHEET
(As on 31st March)

(Rs. Lakh)

SOURCES OF FUNDS	**2006**	**2005**
Share Capital	19909	19864
Reserves & Surplus	13642	8462
Fair Value Change Account	167	73
Borrowings		2061
TOTAL	**33718**	**30459**
APPLICATION OF FUNDS		
Investments	67563	40666
Loans	34	25
Fixed Assets	459	484
Deferred Tax Assets		
CURRENT ASSETS		
Cash & Bank Balance	75502	63808
Advances and Other Assets	13882	6284
Sub-Total (A)	**89385**	**70093**
CURRENT LIABILITIES	**95080**	**50861**
Provisions	28643	29948
Sub-Total (B)	**123723**	**80809**
Net Current Assets (C)= (A-B)	**(34338)**	**(10717)**
Misc. Expenditure *(to the extent not written off or adjusted)*		
Profit & Loss Account (Debit Balance)		
TOTAL	**33718**	**30459**

Note : Figures in brackets indicate negative values

STATEMENT 25

NET RETENTIONS OF NON-LIFE INSURERS 2005-06

(Per cent)

Department	Net Retentions
Fire	85.76
Marine Cargo	91.77
Marine Hull	39.76
Miscellaneous (Total)	94.47
Engineering	91.55
Motor	100.00
Aviation	48.35
Total	**92.58**

GROSS DIRECT PREMIUM INCOME IN INDIA

(Rs. Lakh)

	Fire		Misc		Marine		TOTAL	
Company	**2005-06**	**2004-05**	**2005-06**	**2004-05**	**2005-06**	**2004-05**	**2005-06**	**2004-05**
NATIONAL	48394	53764	286630	301098	17343	25129	**352367**	**379991**
NEW INDIA	83963	78888	365208	316944	29978	25249	**479150**	**421081**
ORIENTAL	54689	49395	265511	228842	32511	23541	**352711**	**301778**
UNITED	64548	59091	230533	210975	20397	24380	**315478**	**294446**
Sub-Total	**251594**	**241138**	**1147883**	**1057859**	**100229**	**98299**	**1499706**	**1397296**
ROYAL SUNDARAM	9174	6301	34861	25089	1829	1680	**45864**	**33070**
RELIANCE	4776	5358	10383	9541	1074	1270	**16233**	**16169**
IFFCO-TOKIO	26329	17278	58330	29299	4613	3087	**89272**	**49664**
TATA AIG	11627	8371	40854	32368	4788	4085	**57270**	**44824**
ICICI LOMBARD	30847	27745	118868	51389	8571	8253	**158286**	**87387**
BAJAJ ALLIANZ	35140	21942	86656	58724	5433	4496	**127229**	**85162**
CHOLAMANDALAM	7283	4778	13035	10557	1700	1590	**22018**	**16925**
HDFC CHUBB	582	181	19228	17332	172	50	**19981**	**17563**
Sub-Total	**125759**	**91954**	**382214**	**234299**	**28180**	**24511**	**536153**	**350764**
Grand Total	**377353**	**333092**	**1530097**	**1292158**	**128409**	**122810**	**2035859**	**1748060**

NET PREMIUM INCOME (Earned)*

(Rs. Lakh)

	Fire		Misc		Marine		TOTAL	
Company	**2005-06**	**2004-05**	**2005-06**	**2004-05**	**2005-06**	**2004-05**	**2005-06**	**2004-05**
NATIONAL	35727	35259	228715	219855	11876	11300	**276317**	**266414**
NEW INDIA	83088	79884	312151	279536	16860	17297	**412099**	**376717**
ORIENTAL	33763	33690	188189	166843	13632	11784	**235584**	**212317**
UNITED	40808	42548	167969	162387	10656	11329	**219433**	**216264**
Sub-Total	**193386**	**191381**	**897023**	**828621**	**53024**	**51710**	**1143433**	**1071712**
ROYAL SUNDARAM	2340	1909	25649	14581	1101	838	**29091**	**17328**
RELIANCE	1357	1625	3613	2847	427	330	**5397**	**4802**
IFFCO TOKIO	4368	3158	28303	12777	1928	1602	**34598**	**17537**
TATA AIG	1085	810	24987	20148	2484	1802	**28556**	**22760**
ICICI LOMBARD	3480	3616	48124	16353	1164	1591	**52768**	**21560**
BAJAJ ALLIANZ	7399	5264	49042	30241	2196	1586	**58637**	**37091**
CHOLAMANDALAM	1444	1085	6849	5639	546	380	**8840**	**7104**
HDFC CHUBB	158	109	13627	11801	50	16	**13835**	**11926**
Sub-Total	**21632**	**17576**	**200194**	**114387**	**9896**	**8145**	**231722**	**140108**
Grand Total	**215018**	**208957**	**1097217**	**943008**	**62920**	**59855**	**1375155**	**1211820**

*Premiums net of unexpired risk reserve

UNDERWRITING EXPERIENCE AND PROFITS OF PUBLIC SECTOR COMPANIES

(Rs. Lakh)

	NEW INDIA		ORIENTAL		NATIONAL		UNITED		TOTAL	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
NET PREMIUM	404082	389511	250047	221802	229219	283216	222585	217266	1105932	1111795
NET CLAIMS PAYABLE	363201	290498	206474	190838	283033	226350	204277	199853	1056985	907539
	89.88%	74.58%	82.57%	86.04%	123.48%	79.92%	91.78%	91.99%	95.57%	81.63%
COMMISSION, EXPENSES OF MANAGEMENT AND OTHER CHARGES	173263	154644	96916	82618	102345	93769	108739	91081	481263	422112
	42.88%	39.70%	38.76%	37.25%	44.65%	33.11%	48.85%	41.92%	43.52%	37.97%
INCREASE IN RESERVE FOR UNEXPIRED RISK	(8017)	12794	14463	9485	(47098)	16802	3152	1001	(37501)	40082
	-11.66%	4.31%	1.26%	0.45%	-16.36%	14.15%	0.00%	0.00%	0.00%	0.00%
UNDERWRITING PROFT/LOSS	(124365)	(68425)	(67806)	(61139)	(109061)	(53705)	(93583)	(74669)	(394815)	(257938)
	-30.78%	-17.57%	-27.12%	-27.56%	-47.58%	-18.96%	-42.04%	-34.37%	-35.70%	-23.20%
GROSS INVESTMENT INCOME	208294	149253	111751	108219	100976	68517	140042	107029	561063	433018
OTHER INCOME LESS OTHER OUTGO	1628	(1040)	(10526)	91	2121	(690)	(1185)	(530)	(7962)	(2169)
PROFIT BEFORE TAX	85557	79788	33419	47171	(5964)	14122	45274	31830	158286	172911
INCOME TAX DEDUCTED AT SOURCE AND PROVISION FOR TAX	13919	39565	5028	14118	4661	1009	2751	1059	26359	55751
NET PROFIT AFTER TAX	**71638**	**40223**	**28391**	**33053**	**(10625)**	**13113**	**42523**	**30771**	**131927**	**117160**

Note: Figures in brackets indicates negative amounts

UNDERWRITING EXPERIENCE AND PROFITS OF PRIVATE SECTOR COMPANIES

(Rs. Lakh)

	ROYAL SUNDARAM		BAJAJ ALLIANZ		TATA AIG		RELIANCE		IFFCOTOKIO		ICICI LOMBARD		CHOLAMANDALAM		HDFC CHUBB		TOTAL	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
NET PREMIUM	29689	20162	69869	47929	33677	25977	5554	6196	47830	23476	73387	32089	9856	8947	14365	13425	**284226**	**178202**
NET CLAIMS PAYABLE	16166	11371	40999	22633	16015	12549	3444	3836	24407	11923	38925	15476	6893	5472	7973	7913	**154822**	**91173**
	54.45%	56.40%	58.68%	47.22%	47.56%	48.31%	62.01%	61.91%	51.03%	50.79%	53.04%	48.23%	69.94%	61.16%	55.50%	58.94%	**54.47%**	**51.16%**
COMMISSION, EXPENSES OF MANAGEMENT AND OTHER CHARGES	9862	6759	14936	10718	13011	10006	1329	1464	11328	5193	17254	5815	3547	3053	6547	5679	**77814**	**48687**
	33.22%	33.52%	21.38%	22.36%	38.64%	38.52%	23.93%	23.63%	23.68%	22.12%	23.51%	18.12%	35.99%	34.12%	45.58%	42.30%	**27.38%**	**27.32%**
INCREASE IN RESERVE FOR UNEXPIRED RISK	4745	2834	11232	10837	5121	3217	157	1393	13232	5939	20619	10528	1016	1843	530	1500	**56651**	**38092**
	15.98%	14.06%	16.08%	22.61%	15.20%	12.39%	2.82%	22.49%	27.67%	25.30%	28.10%	32.81%	10.31%	20.60%	3.69%	11.17%	**19.93%**	**21.38%**
UNDERWRITING PROFIT/LOSS	(1084)	(802)	2702	3741	(470)	205	624	(497)	(1137)	421	(3411)	270	(1600)	(1421)	(685)	(1667)	**(5061)**	**250**
	-3.65%	-3.98%	3.87%	7.81%	-1.40%	0.79%	11.24%	-8.03%	-2.38%	1.79%	-4.65%	0.84%	-16.23%	-15.88%	-4.77%	-12.42%	**-1.78%**	**0.14%**
GROSS INVESTMENT INCOME	2109	1345	4386	3888	3580	2576	1503	1399	3583	1881	8942	5138	1308	1076	1344	1139	**26755**	**18442**
OTHER INCOME LESS OTHER OUTGO	(10)	(8)	1095	67	(423)	(341)	(20)	(181)	(36)	62	(78)	(21)	42	11	(179)	(271)	**391**	**(682)**
PROFIT BEFORE TAX	1015	535	8183	7696	2687	2440	2107	721	2410	2364	5453	5387	(250)	(334)	480	(799)	**22085**	**18010**
INCOME TAX DEDUCTED AT SOURCE AND PROVISION FOR TAX	151	34	3026	2987	1326	1216	671	138	948	892	422	553	62		39		**6645**	**5820**
NET PROFIT AFTER TAX	**864**	**501**	**5157**	**4709**	**1361**	**1224**	**1436**	**583**	**1462**	**1472**	**5031**	**4834**	**(312)**	**(334)**	**441**	**(799)**	**15440**	**12190**

Note: Figures in brackets indicates negative amounts

INCURRED CLAIMS RATIO-PUBLIC SECTOR

PARTICULARS	Net Premium*					Claims Incurred (Net)					Incurred Claims Ratio				
	Fire	Marine	Misc	2005-06	2004-05	Fire	Marine	Misc	2005-06	2004-05	Fire	Marine	Misc	2005-06	2004-05
	(Rs. Lakh)					(Rs. Lakh)					(Per cent)				
NEW INDIA	83076	16438	334752	**434265**	**389510**	60151	11525	291525	**363201**	**290498**	72.40	70.11	87.09	**83.64**	74.58
ORIENTAL	33134	15910	201002	**250046**	**221802**	23090	8531	174854	**206474**	**190838**	69.69	53.62	86.99	**82.57**	86.04
NATIONAL	35332	10314	222653	**268299**	**283217**	24658	8560	249815	**283033**	**226351**	69.79	83.00	112.20	**105.49**	79.92
UNITED	38947	10367	173270	**222585**	**217266**	18079	7268	178930	**204277**	**199853**	46.42	70.10	103.27	**91.77**	91.99
TOTAL	**190490**	**53028**	**931677**	**1175195**	**1111795**	**125978**	**35883**	**895123**	**1056985**	**907540**	**66.13**	**67.67**	**96.08**	**89.94**	**81.63**

*Net of Reinsurance

INCURRED CLAIMS RATIO-PRIVATE SECTOR

PARTICULARS	Net Premium* (Rs. Lakh)					Claims Incurred (Net) (Rs. Lakh)					Incurred Claims Ratio (Per cent)				
	Fire	Marine	Misc	2005-06	2004-05	Fire	Marine	Misc	2005-06	2004-05	Fire	Marine	Misc	2005-06	2004-05
ROYAL SUNDARAM	2792	1247	25649	**29689**	20162	929	1041	14196	**16166**	11370	33.26	83.49	55.35	**54.45**	56.39
BAJAJ ALLIANZ	9116	2359	58394	**69869**	47929	5769	2480	32750	**40999**	22633	63.29	105.15	56.08	**58.68**	47.22
TATA AIG	1095	2582	29999	**33676**	25977	797	2156	13061	**16015**	12623	72.81	83.51	43.54	**47.55**	48.59
RELIANCE	955	394	4206	**5554**	6196	1299	766	1379	**3444**	3836	136.05	194.67	32.78	**62.00**	61.91
IFFCO TOKIO	5240	2645	39945	**47831**	23476	1195	2452	20761	**24407**	11923	22.80	92.70	51.97	**51.03**	50.79
ICICI LOMBARD	3567	796	69024	**73387**	32089	1701	2019	35205	**38925**	15476	47.70	253.54	51.00	**53.04**	48.23
CHOLAMANDALAM	2317	629	6909	**9855**	8947	1357	602	4935	**6893**	5472	58.54	95.67	71.42	**69.94**	61.16
HDFC CHUBB	144	75	14147	**14366**	13425	252	37	7684	**7973**	7913	175.47	49.54	54.32	**55.50**	58.94
TOTAL	**25227**	**10727**	**248273**	**284227**	**178201**	**13299**	**11554**	**129970**	**154822**	**91173**	**52.72**	**107.71**	**52.35**	**54.47**	**51.16**

*Net of Reinsurance

STATEMENT 32

EQUITY SHARE CAPITAL OF INSURANCE COMPANIES

(Rs. Crore)

Name of the insurer	2004-05	2005-06	Foreign Promoter	Indian Promoter	FDI (%)
Life Insurers					
HDFC Standard Life Insurance Co. Ltd.	320.00	620.00	113.08	506.92	18.24
ICICI-Prudential Life Insurance Co. Ltd.	925.00	1185.00	308.10	876.90	26.00
Max New York Life Insurance Co. Ltd.	466.08	557.43	144.93	412.50	26.00
Om Kotak Life Insurance Co. Ltd.	211.76	244.58	63.59	180.99	26.00
Birla Sun Life Insurance Co. Ltd.	350.00	460.00	119.60	340.4	26.00
TATA-AIG Life Insurance Co. Ltd.	321.00	447.00	116.22	330.78	26.00
SBI Life Insurance Co. Ltd.	350.00	425.00	110.50	314.50	26.00
ING Vysya Life Insurance Co. Ltd.	325.00	490.00	127.40	362.60	26.00
Metlife India Insurance Co. Ltd.	235.00	235.00	61.10	173.90	26.00
Allianz Bajaj Life Insurance Co. Ltd.	150.07	150.23	39.06	111.17	26.00
Reliance Life (formely AMP Sanmar)	217.10	331.00	0.00	331.00	0.00
AVIVA	319.80	458.70	119.26	339.44	26.00
Sahara India	157.00	157.00	0.00	157.00	0.00
Shriram Life Insurance Co.Ltd.		125.00	32.50	92.50	26.00
Sub Total	**4347.81**	**5885.95**	**1355.35**	**4530.60**	
Life Insurance Corporation of India	5.00	5.00	0.00	5.00	**0.00**
Total (Life)	**4352.81**	**5890.95**	**1355.35**	**4535.60**	
Non life insurers					
Royal Sundaram Alliance Insurance Co. Ltd.	130.00	140.00	36.40	103.60	26.00
Reliance General Insurance Co. Ltd.	102.00	102.00	0.00	102.00	0.00
Bajaj Allianz General Insurance Co.	110.00	110.05	28.61	81.44	26.00
IFFCO-TOKIO General Insurance Co.	100.00	220.00	57.20	162.80	26.00
TATA AIG General Insurance Co. Ltd.	125.00	195.00	50.70	144.30	26.00
ICICI Lombard General Insurance Co.	220.00	245.00	63.70	181.30	26.00
HDFC Chubb General Insurance Co.	120.00	125.00	32.50	92.50	26.00
Cholamandalam MS General Insurance Co. Ltd.	141.96	141.96	36.91	105.05	26.00
Sub Total	1048.96	1279.01	306.02	972.99	
United India Insurance Co. Ltd.	100.00	100.00		100.00	
The New India Assurance Co. Ltd.	150.00	200.00		200.00	
The Oriental Insurance Co.Ltd.	100.00	100.00		100.00	
National Insurance Co. Ltd.	100.00	100.00		100.00	
Sub Total	**450.00**	**500.00**		**500.00**	
Total (Non Life)	**1498.96**	**1779.01**	**306.02**	**1472.99**	
Export Credit Guarantee Corporation.	600.00	700.00		700.00	
Agriculture Insurance Company of India.	200.00	200.00		200.00	
Star Health & Allied Insurance Co.Ltd.		105.00	27.30	77.70	26.00
General Insurance Corporation of India	215.00	430.00		430.00	
GRAND TOTAL	**6866.77**	**9104.96**	**1688.87**	**7416.29**	

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 per cent 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 year
	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	Rs.10,000	Rs. 200 for every category	5 years
		B	Rs. 7,500		
		C	Rs. 5,000		
	Corporate Category				
		A	Rs. 25,000	Rs. 200 for every category	5 years
		B	Rs. 20,000		
		C	Rs. 15,000		
5	Corporate Agents		Rs. 250 for corporate insurance executive Rs. 500 for specified person	Rs. 250	3 years

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

(Rs. Crore)

INSURER	LIFE FUND 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	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
LIC (A)	**197419.39**	**167718.86**	**241103.52**	**206906.87**	**48182.22**	**44660.40**	**100161.78**	**109861.60**	**26286.06**	**26111.98**	**389447.52**	**361428.87**
PRIVATE SECTOR												
HDFC STD LIFE	463.82	286.29	463.82	286.29	213.28	85.80	233.43	108.67	14.82	19.68	**910.53**	**480.77**
MNYL	505.97	109.09	505.97	315.67	130.90	89.08	57.03	31.62	29.80	15.06	**693.90**	**436.37**
ICICI PRU	683.64	552.82	683.64	552.82	226.11	159.04	404.34	258.77	67.37	75.82	**1314.09**	**970.63**
BSLI	141.95	84.73	141.95	110.75	41.97	31.74	68.72	27.58	7.25	9.56	**252.64**	**170.06**
TATA AIG	511.43	311.91	511.43	311.91	121.50	64.66	91.37	16.19	4.69	1.33	**724.30**	**392.76**
KOTAK LIFE	128.97	108.11	180.53	113.10	59.99	46.92	98.02	40.64	1.98	0.73	**338.54**	**200.67**
SBI LIFE	758.38	587.78	780.18	592.78	264.96	155.26	500.76	212.86	167.70	88.46	**1545.91**	**960.89**
BAJAJ ALLIANZ	403.04	235.67	403.04	235.67	141.91	74.02	178.15	72.59	30.94	20.89	**723.10**	**382.28**
METLIFE	127.20	101.51	127.20	101.51	43.87	30.05	37.60	25.63	17.69	13.34	**208.67**	**157.18**
RELIANCE LIFE$	95.80	63.54	95.80	65.30	34.34	22.94	33.84	22.47	6.00	6.58	**163.98**	**110.71**
ING VYSYA	196.16	132.91	196.16	132.91	75.93	46.63	99.64	61.69	49.01	14.30	**371.73**	**241.22**
AVIVA	128.91	79.70	128.91	79.70	38.15	30.21	51.24	35.04	4.94	0.00	**218.29**	**144.95**
SAHARA LIFE	48.42	60.47	90.52	102.90	28.37	24.27	26.80	15.32	2.71	0.01	**145.69**	**142.48**
SHRIRAM LIFE	65.25		65.25		34.95		29.55		7.59		**129.75**	
TOTAL (B)	**4258.93**	**2714.53**	**4374.41**	**3001.31**	**1456.23**	**860.61**	**1910.49**	**929.07**	**412.50**	**265.75**	**7741.13**	**4790.98**
TOTAL (A+B)	**201678.32**	**170433.39**	**245477.93**	**209908.18**	**49638.45**	**45521.01**	**102072.27**	**110790.66**	**26698.56**	**26377.73**	**397188.65**	**366219.85**

Note : 1) C.G. SEC. — Central Government Securities.
2) OTAI — Other than Approved Investments.
3) OAS — Other Approved Securities.
4) SG — State Government Securities.
5) The figures are based on provisional Returns filed with IRDA
6) $ Formerly known as AMP Sanmar

Cont'd....

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

(Rs. Crore)

INSURER	PENSION AND GENERAL ANNUITY FUND							
	C.G.SEC		SG & OAS (INCL C.G.SEC)		INVESTMENT SUBJECT TO EXPOSURE NORMS		TOTAL (PENSION FUND) (B)	
PUBLIC SECTOR	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
LIC (A)	**18987.86**	**5650.77**	**28881.26**	**9083.36**	**7276.38**	**2378.66**	**36157.64**	**11462.03**
PRIVATE SECTOR								
HDFC STD LIFE	215.39	117.37	215.39	117.37	52.24	34.54	**267.63**	**151.91**
MNYL	14.79	2.81	14.79	12.90	1.06	1.13	**15.85**	**14.03**
ICICI PRU	184.53	121.87	184.53	121.87	60.02	44.77	**244.55**	**166.64**
BSLI	0.15	0.06	0.15	0.06	0.00	0.00	**0.16**	**0.06**
TATA AIG	72.93	58.25	72.93	58.25	23.69	18.53	**96.62**	**76.78**
KOTAK LIFE	9.12	8.23	11.12	8.23	9.56	5.13	**20.68**	**13.36**
SBI LIFE	90.86	55.36	117.26	60.37	160.49	18.60	**277.75**	**78.97**
BAJAJ ALLIANZ	18.12	7.13	18.12	7.13	0.00	2.15	**18.12**	**9.28**
METLIFE	0.36	0.21	0.36	0.21	0.08	0.00	**0.44**	**0.21**
RELIANCE LIFE$	50.38	27.87	50.38	27.87	39.21	22.58	**89.58**	**50.45**
ING VYSYA	37.85	0.00	37.85	0.00	37.11	0.00	**74.96**	**0.00**
AVIVA	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	**0.00**
SAHARA LIFE	0.32	0.06	0.32	0.06	0.00	0.00	**0.32**	**0.06**
	0.00		0.00		0.00		**0.00**	
TOTAL (B)	**694.79**	**399.22**	**723.18**	**414.32**	**383.46**	**147.43**	**1106.65**	**561.75**
TOTAL (A+B)	**19682.65**	**6049.99**	**29604.44**	**9497.68**	**7659.84**	**2526.09**	**37264.29**	**12023.78**

Cont'd....

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

(Rs. Crore)

INSURER	GROUP EXCLUDING GROUP PENSION AND ANNUITY FUND C.G.SEC		SG & OAS (INCL C.G.SEC)		INVESTMENT SUBJECT TO EXPOSURE NORMS		TOTAL (GROUP FUND) (B)	
PUBLIC SECTOR	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
LIC (A)	**16665.46**	**25039.54**	**21231.45**	**33297.31**	**5506.08**	**9342.11**	**26737.53**	**42639.42**
PRIVATE SECTOR								
HDFC STD LIFE	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	**0.00**
MNYL	3.76	1.45	3.76	6.81	1.16	0.44	**4.92**	**7.25**
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	40.69	14.70	40.69	14.70	0.00	0.00	**40.69**	**14.70**
KOTAK LIFE	3.52	2.05	3.52	2.05	0.48	0.00	**4.00**	**2.05**
SBI LIFE	0.00	4.20	0.00	4.20	0.00	6.57	**0.00**	**10.77**
BAJAJ ALLIANZ	8.00	1.27	8.00	1.27	5.82	0.00	**13.82**	**1.27**
METLIFE	5.76	2.52	5.76	2.52	0.53	0.00	**6.29**	**2.52**
RELIANCE LIFE$	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	0.76	1.54	2.06	0.77	0.80	**2.32**	**2.85**
SAHARA LIFE	0.06	0.02	0.06	0.02	0.00	0.00	**0.06**	**0.02**
	0.00		0.00		0.00		**0.00**	
TOTAL (B)	**62.55**	**26.97**	**63.33**	**33.63**	**8.77**	**7.81**	**72.09**	**41.43**
TOTAL (A+B)	**16728.01**	**25066.52**	**21294.78**	**33330.93**	**5514.85**	**9349.92**	**26809.62**	**42680.85**

Cont'd....

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

(Rs. Crore)

INSURER	UNIT LINKED FUND APPROVED INVESTMENTS		OTHER THAN APPROVED INVESTMENTS		TOTAL (UNIT LINKED FUND) (D)		TOTAL (ALL FUNDS) (A)+(B)+(C)+(D)	
PUBLIC SECTOR	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
LIC (A)	**10269.86**	**2547.87**	**1158.59**	**210.80**	**11428.45**	**2758.67**	**463771.14**	**418288.99**
PRIVATE SECTOR								
HDFC STD LIFE	1396.26	280.17	21.86	10.49	**1418.13**	**290.67**	**2596.29**	**923.35**
MNYL	142.33	20.11	28.85	0.33	**171.18**	**20.44**	**885.85**	**478.09**
ICICI PRU	5270.23	1896.27	656.63	440.89	**5926.86**	**2337.16**	**7485.50**	**3474.43**
BSLI	1862.92	1047.34	235.13	78.38	**2098.05**	**1125.72**	**2350.85**	**1295.85**
TATA AIG	325.79	76.00	34.95	4.81	**360.74**	**80.81**	**1222.35**	**565.05**
KOTAK LIFE	750.35	304.75	10.26	3.57	**760.61**	**308.33**	**1123.82**	**524.40**
SBI LIFE	193.27	3.46	18.06	0.08	**211.33**	**3.54**	**2034.98**	**1054.17**
BAJAJ ALLIANZ	2325.67	336.14	243.65	33.10	**2569.32**	**369.24**	**3324.36**	**762.07**
METLIFE	50.52	1.62	0.00	0.12	**50.52**	**1.74**	**265.92**	**161.66**
RELIANCE LIFE$	93.25	21.40	6.09	0.00	**99.34**	**21.40**	**352.90**	**182.56**
ING VYSYA	214.12	73.70	31.56	4.91	**245.68**	**78.61**	**692.36**	**319.83**
AVIVA	490.87	122.95	41.27	8.18	**532.15**	**131.13**	**752.76**	**278.93**
SAHARA LIFE	15.57	0.00	0.21	0.00	**15.79**	**0.00**	**161.86**	**142.56**
	0.00		0.00		**0.00**		**129.75**	
TOTAL (B)	**13131.15**	**4183.91**	**1328.53**	**584.86**	**14459.68**	**4768.77**	**23379.55**	**10162.94**
TOTAL (A+B)	**23401.01**	**6731.78**	**2487.12**	**795.66**	**25888.13**	**7527.45**	**487150.69**	**428451.93**

Cont'd....

PATTERN OF INVESTMENTS OF NON-LIFE INSURERS (As on 31st MARCH 2006)

(Rs. Crore)

INSURER	C.G. SEC		SG & OAS (INCL. C.G.SEC)		LOANS TO HOUSING & FFE		INFRASTRUCTURE & SOCIAL SECTOR		INVESTMENT SUBJECT TO EXPOSURE NORMS (INCL. OTAI)		OTHER THAN APPROVED INVESTMENTS (OTAI)		TOTAL INVESTMENTS	
PUBLIC SECTOR	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
GIC	2788.83	2744.18	3973.30	3848.92	1011.85	926.96	1275.16	1199.34	6269.50	4905.19	1583.72	1455.81	**12529.81**	**10880.41**
NEW INDIA	2825.93	2398.43	4165.65	3657.98	616.78	494.58	1206.33	1050.08	3414.77	3201.04	611.31	770.58	**9403.53**	**8403.68**
NATIONAL	1345.88	1082.98	1942.02	1596.37	486.32	384.51	719.87	600.49	1536.89	1724.52	409.97	459.90	**4685.10**	**4305.89**
UNITED	1653.75	1584.63	2855.58	2645.04	391.94	321.34	684.55	691.25	2720.33	2552.93	733.83	705.98	**6652.41**	**6210.56**
ORIENTAL	1692.39	1394.52	2213.95	1976.88	279.95	307.54	527.16	460.01	2227.62	2311.55	591.65	539.64	**5248.68**	**5055.99**
TOTAL (A)	**10306.79**	**9204.73**	**15150.50**	**13725.20**	**2786.84**	**2434.93**	**4413.07**	**4001.17**	**16169.11**	**14695.23**	**3930.48**	**3931.90**	**38519.52**	**34856.53**
PRIVATE SECTOR														
RELIANCE	74.51	96.70	74.51	96.70	15.36	13.22	30.49	25.59	98.98	57.32	35.04	12.26	**219.34**	**192.83**
ROYAL SUNDARAM	132.32	88.79	147.40	98.91	44.74	35.59	110.40	66.51	78.63	70.02	13.81	16.54	**381.16**	**271.03**
IFFCO TOKYO	245.11	127.87	245.11	127.87	40.50	20.54	76.93	44.67	244.71	116.50	0.00	0.00	**607.25**	**309.58**
TATA AIG	198.27	206.54	238.03	206.54	40.71	26.17	59.81	40.66	94.48	38.28	2.87	0.80	**433.04**	**311.65**
BAJAJ ALLIANZ	294.35	256.90	294.35	256.90	73.75	54.96	87.33	78.35	341.83	222.54	25.81	35.19	**797.26**	**612.75**
ICICI LOMBARD	210.34	160.11	381.59	227.42	64.15	30.01	135.52	78.65	377.33	133.35	48.71	10.61	**958.58**	**469.43**
CHNHB ASSOCIATION	4.97	3.91	5.14	4.07	0.90	0.80	1.93	1.34	5.49	6.84	0.96	1.37	**13.46**	**13.04**
CHOLAMANDALAM	133.27	140.29	133.27	140.29	25.59	15.73	40.67	26.63	16.44	15.52	5.44	10.40	**215.98**	**198.17**
HDFC CHUBB	75.42	80.35	75.42	80.35	15.24	15.43	25.73	26.14	70.43	55.04	16.37	5.97	**186.82**	**176.96**
TOTAL (B)	**1368.55**	**1161.46**	**1594.81**	**1239.04**	**320.94**	**212.45**	**568.81**	**388.53**	**1328.32**	**715.41**	**149.02**	**93.13**	**3812.89**	**2555.43**
TOTAL (A+B)	**11675.34**	**10366.19**	**16745.31**	**14964.24**	**3107.78**	**2647.38**	**4981.88**	**4389.70**	**17497.42**	**15410.64**	**4079.50**	**4025.04**	**42332.41**	**37411.97**

Note: 1) Investments of Agriculatural Insurance Corporation of India 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.
7) The above figures are based on Provisional Returns filed with IRDA.

STATEMENT 36

STATUS OF GRIEVANCES- LIFE INSURERS (2005 - 06)

Sl.No.	Insurer	Reported during the year	Resolved during the year	Pending as on 31st March, 2006
1	HDFC STD LIFE	96	48	48
2	RELIANCE LIFE	8	4	4
3	TATA AIG	82	41	41
4	MNYL	38	10	28
5	AVIVA	38	11	27
6	BSLI	48	12	36
7	SBI LIFE	77	23	54
8	ICICI PRU	122	58	64
9	MET LIFE	9	4	5
10	SAHARA LIFE	0	0	0
11	BAJAJ ALLIANZ	114	50	64
12	KOTAK LIFE	26	5	21
13	ING VYSYA	15	4	11
14	LIC	1843	467	1376
	TOTAL	**2516**	**737**	**1779**

STATEMENT 37

STATUS OF GRIEVANCES - LIFE INSURERS (HALF YEAR ENDED SEPTEMBER, 2006)

Sl.No.	Insurer	Reported during the period	Resolved during the period	Pending as on 30th Sept., 2005
1	HDFC STD LIFE	28	11	17
2	RELIANCE LIFE	1	1	0
3	TATA AIG	20	13	7
4	MNYL	13	11	2
5	AVIVA	32	31	1
6	BSLI	12	7	5
7	SBI LIFE	24	14	10
8	ICICI PRU	57	40	17
9	MET LIFE	1	0	1
10	SAHARA LIFE	0	0	0
11	BAJAJ ALLIANZ	80	19	61
12	KOTAK LIFE	13	3	10
13	ING VYSYA	11	9	2
14	LIC	233	34	199
	TOTAL	**525**	**193**	**332**

STATUS OF GRIEVANCES — NON-LIFE INSURERS (2005- 06)

Sl. No.	Insurer	As on 31st March, 2005	Reported during the year	Resolved during the year	As on 31st March, 2006	Break up according to nature of grievance*			
						(i)	(ii)	(iii)	(iv)
1	ORIENTAL	83	223	268	38	16	8	9	5
2	NEW INDIA	145	371	368	148	80	27	35	6
3	UNITED	175	370	349	196	97	34	58	7
4	NATIONAL	303	362	497	168	86	32	47	3
5	ECGC	0	3	3	0	0	0	0	0
6	BAJAJ ALLIANZ	6	29	33	2	1	0	1	0
7	TATA AIG	9	35	35	9	5	0	4	0
8	ROYAL SUNDARAM	1	24	25	0	0	0	0	0
9	IFFCO TOKIO	3	8	11	0	0	0	0	0
10	RELIANCE	1	0	1	0	0	0	0	0
11	CHOLAMANDALAM	1	11	12	0	0	0	0	0
12	ICICI LOMBARD	1	76	73	4	3	0	1	0
13	HDFC CHUBB	1	13	14	0	0	0	0	0
14	AIC	1	2	3	0	0	0	0	0
	TOTAL	**730**	**1527**	**1692**	**565**	**288**	**101**	**155**	**21**

* (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.

STATUS OF GRIEVANCES — NON-LIFE INSURERS (HALF YEAR ENDED SEPTEMBER, 2006)

Sl. No.	Insurer	As on 31st March, 2006	Reported during the period	Resolved during the period	As on 30th Sept., 2006	Break up according to nature of grievance*			
						(i)	(ii)	(iii)	(iv)
1	ORIENTAL	38	72	59	51	25	5	19	2
2	NEW INDIA	148	157	112	193	96	34	55	8
3	UNITED	196	138	125	209	101	31	65	12
4	NATIONAL	168	170	166	172	104	21	45	2
5	ECGC	0	1	1	0	0	0	0	0
6	BAJAJ ALLIANZ	2	23	2	23	13	4	4	2
7	TATA AIG	9	23	20	12	4	0	8	0
8	ROYAL SUNDARAM	0	22	12	10	1	1	8	0
9	IFFCO TOKIO	0	8	2	6	3	0	3	0
10	RELIANCE	0	4	2	2	0	1	1	0
11	CHOLAMANDALAM	0	6	4	2	1	0	1	0
12	ICICI LOMBARD	4	75	35	44	15	3	26	0
13	HDFC CHUBB	0	4	1	3	0	0	3	0
14	AIC	0	0	0	0	0	0	0	0
	TOTAL	**565**	**703**	**541**	**727**	**363**	**100**	**238**	**26**

* (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 : 2005-06

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	Paramount Health Services Pvt. Ltd.	277225	217914 (78.61)	41964 (15.14)	13527 (4.88)	457 (0.16)
2	Family Health Plan Ltd.	191526	44286 (23.12)	127365 (66.50)	Nil	Nil
3	TTK Healthcare Services Private Limited	175280	153515 (87.58)	17927 (10.23)	4505 (2.57)	1650 (0.94)
4	Medi Assist India Pvt. Ltd.	116655	78384 (67.19)	24128 (20.68)	2459 (2.11)	443 (0.38)
5	Medicare TPA Services (I) Pvt. Ltd.	63074	36476 (57.83)	13662 (21.66)	3251 (5.15)	1704 (2.70)
6	Raksha TPA Pvt. Ltd.	61535	50310 (81.76)	7093 (11.53)	693 (1.13)	236 (0.38)
7	E-Meditek Solutions Ltd.	59521	44955 (75.53)	9616 (16.16)	2729 (4.58)	1035 (1.74)
8	Med Save Health Care Limited	40509	14838 (36.63)	15710 (38.78)	1827 (4.51)	453 (1.12)
9	Heritage Health Services Pvt. Ltd.	37180	18088 (48.65)	14565 (39.17)	4361 (11.73)	1583 (4.26)
10	Genins India Ltd.	30215	22657 (74.99)	4912 (16.26)	1039 (3.44)	2815 (9.32)
11	MD India Healthcare Services Pvt. Ltd.	18779	14868 (79.17)	451 (2.40)	28 (0.15)	Nil
12	Vipul Med Corp. Pvt. Ltd.	13752	5223 (37.98)	5015 (36.47)	889 (6.46)	139 (1.01)
13	Bhaichand Amoluk Ins. Services Pvt. Ltd.	12917	6395 (49.51)	4448 (34.44)	631 (4.89)	56 (0.43)
14	Alankit Health Care Limited	12413	7376 (59.42)	3982 (32.08)	64 (0.52)	24 (0.19)
15	Parekh Health Management (Pvt.) Ltd.	7987	7327 (91.74)	660 (8.26)	Nil	Nil
16	Good Healthplan Ltd.	5900	5813 (98.53)	11 (0.19)	2 (0.03)	Nil
17	Park Mediclaim Consultatants Private Ltd.	1398	1234 (88.27)	10 (0.72)	2 (0.14)	2 (0.14)
18	Universal Medi-Aid Services Ltd.	950	568 (59.79)	228 (24.00)	42 (4.42)	Nil
19	East West Assist Pvt. Ltd.	55	18 (32.73)	19 (34.55)	2 (3.64)	Nil
20	Anyuta Medinet Healthcare Pvt. Ltd.	24	24 (100)	Nil	Nil	Nil
21	Anmol Medicare Ltd.	Nil	—	—	—	—
22	Dawn Services Pvt. Ltd.	Nil	—	—	—	—
23	Safeway Mediclaim Services	Nil	—	—	—	—
24	Focus Healthcare Pvt. Ltd.	Nil	—	—	—	—
25	ICAN Health Services Pvt. Ltd.	Nil	—	—	—	—
	TOTAL	**1126895**	**730269 (64.80)**	**291766 (25.89)**	**36051 (3.20)**	**10597 (0.94)**

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

PERFORMANCE OF OMBUDSMEN AT DIFFERENT CENTRES

Complaints Disposal for the year ending 31st March , 2006 : Life Insurance

Ombudsman Centre	O/S as on 31.3.2005	Received during the year	Total	No. of complaints disposed off by way of							Duration wise Disposal				Duration wise Outstanding			
				1	2	3	4	5	6	Total	7	8	9	Total	7	8	9	Total
Ahmedabad	39	132	171	-	15	60	-	39	34	148	85	57	6	148	15	8	-	23
Bhopal	20	470	490	-	14	27	-	52	393	486	449	37	-	486	4	-	-	4
Bhubaneshwar	60	256	316	4	8	117	-	-	36	165	82	69	14	165	58	75	18	151
Chandigarh	73	441	514	-	21	319	1	67	32	440	313	127	-	440	72	2	-	74
Chennai	19	640	659	-	53	46	-	51	496	646	570	76	-	646	13	-	-	13
Delhi	168	283	451	-	110	2	170	14	9	305	67	173	65	305	6	103	37	146
Guwahati	15	109	124	73	13	-	-	-	4	90	41	49	-	90	28	6	-	34
Hyderabad	22	543	565	-	42	53	-	75	384	554	523	31	-	554	11	-	-	11
Kochi	8	128	136	-	19	-	-	20	91	130	128	2	-	130	6	-	-	6
Kolkata	38	904	942	63	6	135	4	78	592	878	636	227	15	878	57	7	-	64
Lucknow	38	852	890	1	144	487	-	2	227	861	762	99	-	861	29	-	-	29
Mumbai	47	222	269	-	85	19	37	2	80	223	136	87	-	223	28	18	-	46
TOTAL	**547**	**4980**	**5527**	**141**	**530**	**1265**	**212**	**400**	**2378**	**4926**	**3792**	**1034**	**100**	**4926**	**327**	**219**	**55**	**601**

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

PERFORMANCE OF OMBUDSMEN AT DIFFERENT CENTRES

Complaints Disposal for the year ending 31st March , 2006 : Non-Life Insurance

Ombudsman Centre	O/S as on 31.3.2005	Received during the year	Total	No. of complaints disposed off by way of							Duration wise Disposal				Duration wise Outstanding			
				1	2	3	4	5	6	Total	7	8	9	Total	7	8	9	Total
Ahmedabad	221	342	563	-	122	87	-	164	67	440	103	312	25	440	62	61	-	123
Bhopal	82	155	237	-	28	60	-	116	28	232	149	83	-	232	5	-	-	5
Bhubaneshwar	113	131	244	13	37	3	-	-	10	63	13	21	29	63	27	99	55	181
Chandigarh	121	355	476	3	83	101	-	138	22	347	95	251	1	347	81	48	-	129
Chennai	25	377	402	-	85	27	-	38	233	383	345	38	-	383	17	2	-	19
Delhi	234	440	674	7	52	14	46	44	125	288	111	95	82	288	67	209	110	386
Guwahati	47	146	193	64	63	-	-	-	13	140	30	110	-	140	28	25	-	53
Hyderabad	18	424	442	1	133	60	1	68	158	421	319	102	-	421	21	-	-	21
Kochi	20	210	230	1	52	5	-	64	94	216	202	14	-	216	14	-	-	14
Kolkata	282	894	1176	103	74	109	-	91	585	962	597	240	125	962	57	157	-	214
Lucknow	10	275	285	3	20	198	-	-	60	281	281	-	-	281	4	-	-	4
Mumbai	368	345	713	-	317	106	25	5	64	517	109	194	214	517	75	121	-	196
TOTAL	**1541**	**4094**	**5635**	**195**	**1066**	**770**	**72**	**728**	**1459**	**4290**	**2354**	**1460**	**476**	**4290**	**458**	**722**	**165**	**1345**

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

PERFORMANCE OF OMBUDSMEN AT DIFFERENT CENTRES

Complaints Disposal for the year ending 31st March , 2006 : Life and Non-Life Insurance Combined

Ombudsman Centre	O/S as on 31.3.2005	Received during the year	Total	No. of complaints disposed off by way of							Duration wise Disposal				Duration wise Outstanding			
				1	2	3	4	5	6	Total	7	8	9	Total	7	8	9	Total
Ahmedabad	260	474	734	-	137	147	-	203	101	588	188	369	31	588	77	69	-	146
Bhopal	102	625	727	-	42	87	-	168	421	718	598	120	-	718	9	-	-	9
Bhubaneshwar	173	387	560	17	45	120	-	-	46	228	95	90	43	228	85	174	73	332
Chandigarh	194	796	990	3	104	420	1	205	54	787	408	378	1	787	153	50	-	203
Chennai	44	1017	1061	-	138	73	-	89	729	1029	915	114	-	1029	30	2	-	32
Delhi	402	723	1125	7	162	16	216	58	134	593	178	268	147	593	73	312	147	532
Guwahati	62	255	317	137	76	-	-	-	17	230	71	159	-	230	56	31	-	87
Hyderabad	40	967	1007	1	175	113	1	143	542	975	842	133	-	975	32	-	-	32
Kochi	28	338	366	1	71	5	-	84	185	346	330	16	-	346	20	-	-	20
Kolkata	320	1798	2118	166	80	244	4	169	1177	1840	1233	467	140	1840	114	164	-	278
Lucknow	48	1127	1175	4	164	685	-	2	287	1142	1043	99	-	1142	33	-	-	33
Mumbai	415	567	982	-	402	125	62	7	144	740	245	281	214	740	103	139	-	242
TOTAL	**2088**	**9074**	**11162**	**336**	**1596**	**2035**	**284**	**1128**	**3837**	**9216**	**6146**	**2494**	**576**	**9216**	**785**	**941**	**220**	**1946**

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 44

First Year (including single premium) Life Insurance Premium

(Rs. Crore)

INSURER	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
LIC	**9700.98**	**19588.77**	**15976.76**	**17347.62**	**20653.06**	**28515.87**
		(101.93)	**(-18.44)**	**(8.58)**	**(19.05)**	**(38.07)**
ING VYSYA	—	4.19	17.66	72.10	282.42	283.98
HDFC STD LIFE	0.002	32.78	129.31	209.33	486.15	1042.65
BSLI	0.32	28.11	129.57	449.86	621.31	678.12
ICICI PRU	5.97	113.33	364.11	750.84	1584.34	2602.50
KOTAK LIFE	—	7.58	35.21	125.51	373.99	396.06
TATA AIG*	—	21.14	59.77	181.59	297.55	464.53
SBI LIFE	—	14.69	71.88	207.05	484.85	827.82
BAJAJ ALLIANZ	—	7.14	63.39	179.55	857.45	2716.77
MNYL	0.16	38.80	67.31	137.28	233.63	471.36
MET LIFE	—	0.48	7.70	23.41	57.52	148.53
RELIANCE LIFE	—	0.28	6.32	27.21	91.33	193.56
AVIVA	—	—	13.47	76.96	192.29	407.12
SAHARA	—	—	—	—	1.74	26.34
SHRIRAM LIFE	—	—	—	—	—	10.33
PRIVATE SECTOR	**6.45**	**268.51**	**965.69**	**2440.71**	**5564.57**	**10269.67**
		(4061.70)	**(259.65)**	**(152.74)**	**(127.99)**	**(84.55)**
TOTAL	**9707.40**	**19857.28**	**16942.45**	**19788.32**	**26217.64**	**38785.54**
		(104.56)	**(-14.68)**	**(16.80)**	**(32.49)**	**(47.94)**

Note: 1) *Figures revised for the year 2002-03 and includes the Group business.
2) Figures in the bracket represent the growth over the previous year in percent.
3) — represents business not started.
4) 1 Crore = 10 Million

STATEMENT 45

TOTAL LIFE INSURANCE PREMIUM

(Rs. Crore)

INSURER	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
LIC	**34892.02**	**49821.91**	**54628.49**	**63533.43**	**75127.29**	**90792.22**
		(42.79)	**(9.65)**	**(16.30)**	**(18.25)**	**(20.85)**
ING VYSYA	—	4.19	21.16	88.51	338.86	425.38
HDFC STD LIFE	0.002	33.46	148.83	297.76	686.63	1569.91
BSLI	0.32	28.26	143.92	537.54	915.47	1259.68
ICICI PRU	5.97	116.38	417.62	989.28	2363.82	4261.05
KOTAK LIFE	—	7.58	40.32	150.72	466.16	621.85
TATA AIG*	—	21.14	81.21	253.53	497.04	880.19
SBI LIFE	—	14.69	72.39	225.67	601.18	1075.32
BAJAJ ALLIANZ	—	7.14	69.17	220.80	1001.68	3133.58
MNYL	0.16	38.95	96.59	215.25	413.43	788.13
MET LIFE	—	0.48	7.91	28.73	81.53	205.99
RELIANCE LIFE	—	0.28	6.47	31.06	106.55	224.21
AVIVA	—	—	13.47	81.50	253.42	600.27
SAHARA	—	—	—	—	1.74	27.66
SHRIRAM LIFE	—	—	—	—	—	10.33
PRIVATE SECTOR	**6.45**	**272.55**	**1119.06**	**3120.33**	**7727.51**	**15083.54**
		(4124.31)	**(310.59)**	**(178.83)**	**(147.65)**	**(95.19)**
TOTAL	**34898.47**	**50094.46**	**55747.55**	**66653.75**	**82854.80**	**105875.76**
		(43.54)	**(11.28)**	**(19.56)**	**(24.31)**	**(27.78)**

Note: 1) *Figures revised for the year 2002-03 and includes the Group business.
2) Figures in the bracket represent the growth over the previous year in percent.
3) — represents business not started.
4) 1 Crore = 10 Million

STATEMENT 46

GROSS DIRECT PREMIUM OF NON-LIFE INSURANCE (WITHIN & OUTSIDE INDIA)

(Rs. Crore)

INSURER	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
NATIONAL	2227.73	2439.41	2869.87	3399.97	3810.65	3536.34
NEW INDIA	3493.05	4198.06	4812.79	4921.47	5103.16	5675.54
ORIENTAL	2247.10	2498.64	2868.15	2899.74	3090.55	3609.77
UNITED	2524.00	2781.48	2969.63	3063.47	2944.46	3154.78
PUBLIC SECTOR	**10491.88**	**11917.59**	**13520.44**	**14284.65**	**14948.82**	**15976.44**
		(13.59)	**(13.45)**	**(5.65)**	**(4.65)**	**(6.87)**
ROYAL SUNDARAM	0.24	71.13	184.44	257.76	330.70	458.64
RELIANCE	1.07	77.46	185.68	161.06	161.68	162.33
IFFCO-TOKIO	5.83	70.51	213.33	322.24	496.64	892.72
TATA AIG	—	78.46	233.93	343.52	448.24	572.70
ICICI LOMBARD	—	28.13	211.66	486.73	873.86	1582.86
BAJAJ ALLIANZ	—	141.96	296.48	476.53	851.62	1272.29
CHOLAMANDALAM	—	—	14.79	97.05	169.25	220.18
HDFC CHUBB	—	—	9.49	112.95	175.63	199.81
PRIVATE SECTOR	**7.14**	**467.65**	**1349.80**	**2257.83**	**3507.62**	**5361.53**
		(6453.98)	**(188.64)**	**(67.27)**	**(55.35)**	**(52.85)**
TOTAL	**10499.02**	**12385.24**	**14870.25**	**16542.49**	**18456.45**	**21337.97**
		(17.97)	**(20.06)**	**(11.25)**	**(11.57)**	**(15.61)**
ECGC	—	338.52	374.78	445.48	515.55	577.33
AIC	—	—	—	369.21	549.72	555.83

Note: 1) — represents business not started.

2) Figures in the bracket represent the growth over the previous year in percent.

3) 1 Crore = 10 Million

INDIVIDUAL BUSINESS (WITHIN INDIA)
Business in force (Number of Policies)

(In '000)

INSURER	Non-Linked Business: Life – Business In force as at 01-04-2005	Life – Additions*	Life – Deletions**	Life – Business In force as at 31-03-2006	General Annuity and Pension – Business In force as at 01-04-2005	General Annuity and Pension – Additions*	General Annuity and Pension – Deletions**	General Annuity and Pension – Business In force as at 31-03-2006	Health – Business In force as at 31-03-2006	Linked Business – Business In force as at 31-03-2006	TOTAL Business – Business In force as at 31-03-2006
BAJAJ ALLIANZ	247.77	214.97	67.93	394.81	6.48	0.56	0.65	6.39	0.00	710.44	**1111.64**
RELIANCE LIFE	47.72	47.47	18.41	76.78	0.00	0.00	0.00	0.00	0.00	47.97	**124.75**
AVIVA	23.14	29.35	18.64	33.85	0.00	0.00	0.00	0.00	0.00	225.61	**259.46**
BSLI	102.18	73.19	16.05	159.32	0.00	0.01	0.00	0.01	0.00	447.63	**606.96**
HDFC STD LIFE	410.44	221.78	42.25	589.97	72.55	3.45	3.42	72.58	0.00	233.04	**895.59**
ICICI PRU	373.79	237.45	138.03	473.21	50.47	1.08	1.29	50.26	1.64	1238.49	**1763.60**
ING VYSYA	152.24	82.95	41.86	193.33	27.91	3.71	0.12	31.50	0.00	49.46	**274.29**
LIC	162950.92	30947.38	14334.44	179563.86	2868.21	293.29	238.63	2922.87	0.00	3914.16	**186400.89**
MNYL	353.45	315.94	107.49	561.90	8.66	0.92	1.40	8.18	0.00	119.09	**689.17**
MET LIFE	61.70	76.22	31.88	106.04	0.73	0.16	0.15	0.74	0.00	21.92	**128.70**
KOTAK LIFE	96.54	39.03	27.29	108.28	6.68	0.21	0.42	6.47	0.00	74.24	**188.99**
SBI LIFE	200.19	186.02	34.57	351.64	53.95	10.67	0.14	64.48	0.00	92.34	**508.46**
TATA AIG	328.88	205.01	81.01	452.88	17.74	7.37	2.81	22.30	38.79	85.77	**599.74**
SAHARA	10.00	17.38	5.21	22.17	0.20	0.15	0.05	0.30	0.00	5.79	**28.26**
SHRIRAM LIFE	0.00	20.79	0.00	20.79	0.00	0.00	0.00	0.00	0.00	0.00	**20.79**
TOTAL	**165358.96**	**32714.93**	**14965.06**	**183108.83**	**3113.58**	**321.58**	**249.08**	**3186.08**	**40.43**	**7265.95**	**193601.29**

Note: * Includes New policies issued, Old policies reinstated/revived.

** Includes Policy terminations by death, maturity,lapse,surrenders or cancellations.

Source of Data: Actuarial Report and Abstract as on 31-03-2006 of the life insurers.

INDIVIDUAL BUSINESS (WITHIN INDIA)
Business in force (Sum Assured)

(Rs. Crore)

INSURER	Non-Linked Business									Linked Business	TOTAL Business
	Life				General Annuity and Pension				Health		
	Business In force as at 01-04-2005	Additions*	Deletions**	Business In force as at 31-03-2006	Business In force as at 01-04-2005	Additions*	Deletions**	Business In force as at 31-03-2006	Business In force as at 31-03-2006	Business In force as at 31-03-2006	Business In force as at 31-03-2006
BAJAJ ALLIANZ	8040.77	5033.41	2455.04	10619.14	216.81	96.81	25.63	287.99	0.00	18897.67	**29804.80**
RELIANCE LIFE	992.31	1049.90	275.26	1766.95	0.00	0.00	0.00	0.00	0.00	485.58	**2252.53**
AVIVA	112.57	137.20	49.15	200.62	0.00	0.00	0.00	0.00	0.00	7654.71	**7855.33**
BSLI	2950.62	1381.05	398.87	3932.80	0.00	0.07	0.00	0.07	0.00	18504.51	**22437.38**
HDFC STD LIFE	8152.68	4552.18	904.07	11800.79	1447.97	108.99	79.30	1477.66	0.00	10357.81	**23636.26**
ICICI PRU	11030.08	4062.88	1655.08	13437.88	1557.22	79.34	76.10	1560.46	55.07	27686.09	**42739.50**
ING VYSYA	3579.67	1705.98	892.88	4392.77	0.00	0.00	0.00	0.00	0.00	1351.06	**5743.83**
LIC	1065095.26	311408.43	96344.46	1280159.23	63768.70	8857.96	8715.12	63911.54	0.00	7321.37	**1351392.14**
MNYL	14132.04	7917.13	2857.90	19191.27	175.63	18.02	26.27	167.38	0.00	5174.09	**24532.74**
MET LIFE	2632.82	2907.96	1049.45	4491.33	16.35	3.28	3.86	15.77	0.00	1239.96	**5747.06**
KOTAK LIFE	5350.90	1863.46	1131.79	6082.57	275.15	5.83	19.08	261.90	0.00	5671.41	**12015.88**
SBI LIFE	3713.31	4091.54	550.7	7254.15	172.08	77.46	0.42	249.12	0.00	2053.77	**9557.04**
TATA AIG	7216.47	4381.61	1295.36	10302.72	525.46	54.23	94.19	485.50	832.81	3885.71	**15506.74**
SAHARA	136.70	213.57	61.18	289.09	4.80	3.70	0.93	7.57	0.00	83.69	**380.35**
SHRIRAM LIFE	0.00	443.10	0.00	443.10	0.00	0.00	0.00	0.00	0.00	0.00	**443.10**
TOTAL	**1133136.20**	**351149.40**	**109921.19**	**1374364.41**	**68160.17**	**9305.69**	**9040.90**	**68424.96**	**887.88**	**110367.43**	**1554044.68**

Note: * Includes New policies issued, Old policies reinstated/revived , bonus additions.

** Includes Policy terminations by death, maturity,lapse,surrenders or cancellations.

Source of Data: Actuarial Report and Abstract as on 31-03-2006 of the life insurers.

INDIVIDUAL BUSINESS (WITHIN INDIA)
Forfeiture/Lapse policies in respect of Non-Linked business*

INSURER	Number of Lapsed policies (in '000)	Sum Assured for lapsed policies (Rs. Crore)
BAJAJ ALLIANZ	66.47	2417.74
RELIANCE LIFE	17.58	259.80
AVIVA	18.60	48.99
BSLI	5.26	359.97
HDFC STD LIFE	40.55	793.56
ICICI PRU	136.54	1377.46
ING VYSYA	40.73	855.40
LIC	9568.88	61640.00
MNYL	104.02	2657.78
MET LIFE	31.12	1008.37
KOTAK LIFE	27.07	520.55
SBI LIFE	31.52	459.43
TATA AIG	92.49	1615.67
SAHARA	5.24	61.83
SHRIRAM LIFE	0.00	0.00
TOTAL	**10186.07**	**74076.55**

* Includes Health Business, if any.

Lapse definition: For the purpose of actuarial valuation of policy liabilities.

A policy is treated as lapsed if the premium is not paid within days of grace, as allowed, by most of the Life Insurers except those mentioned below.

A policy is treated as lapsed if the premium is not paid within 60 days from the due date of premium by ING Vysya Life Insurance

A policy is treated as lapsed if the premium is not paid within 6 months from the due date of premium by LIC of India and SBI Life Insurance.

A policy is treated as lapsed if the premium is not paid within 45 days from the due date of premium by Met Life India Insurance and Tata AIG Life Insurance.

Source of Data : Actuarial Report and Abstract as on 31-03-2006 of the life insurers.

STATEMENT 50

Solvency Ratios of Life Insurers (2005-06)

INSURER	Solvency Ratio
BAJAJ ALLIANZ	2.8
RELIANCE LIFE	2.0
BSLI	2.0
AVIVA	2.8
HDFC STD LIFE	2.9
ICICI PRU	1.6
ING VYSYA	2.3
LIC	1.3
MNYL	2.0
MET LIFE	1.7
KOTAK LIFE	1.8
SAHARA	2.7
SBI LIFE	2.9
TATA AIG	2.7
SHRIRAM LIFE	2.2

Note: **Source of the data** - Actuarial and Abstract as on 31-03-2006.

Solvency Ratio is defined as the ratio of available solvency margin to the required solvency margin.

STATEMENT 51

Solvency Ratios of Non-Life Insurers (2005-06)

INSURER	Solvency Ratio
PUBLIC	
NEW INDIA	3.09
UNITED	2.23
ORIENTAL	1.97
NATIONAL	1.08
GIC	3.41
ECGC	9.39
AIC	2.16
PRIVATE	
BAJAJ ALLIANZ	1.22
CHOLAMANDALAM	2.51
HDFC CHUBB	1.78
ICICI LOMBARD	1.29
IFFCO TOKIO	1.95
RELIANCE	3.04
ROYAL SUNDARAM	1.66
TATA AIG	1.68

ANNEX I

INSURANCE COMPANIES OPERATING IN INDIA

LIFE INSURERS

Public Sector

1. Life Insurance Corporation of India (LIC)

Private Players

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. 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. Reliance Life Insurance Company Ltd.
12. Aviva Life Insurance Co. Pvt. Ltd. (AVIVA)
13. Sahara India Life Insurance Co. Ltd. (SAHARA LIFE)
14. Shriram Life Insurance Co. Ltd (SHRIRAM LIFE)
15. Bharti AXA Life Insurance Company Ltd. (BHARTI AXA)*

NON-LIFE INSURERS

Public Sector

1. New India Assurance Co. Ltd. (NEW INDIA)
2. National Insurance Co. Ltd. (NATIONAL)
3. The Oriental Insurance Co. Ltd. (ORIENTAL)
4. United India Insurance Co. Ltd. (UNITED)
5. Export Credit Guarantee Corporation Ltd. (ECGC)
6. Agriculture Insurance Company of India Ltd. (AIC)

Private Players

1. Bajaj Allianz General Insurance Co. Ltd. (BAJAJ ALLIANZ)
2. ICICI Lombard General Insurance Co. Ltd. (ICICI LOMBARD)
3. IFFCO Tokio General Insurance Co. Ltd. (IFFCO TOKIO)
4. Reliance General Insurance Co. Ltd. (RELIANCE)
5. Royal Sundaram Alliance Insurance Co. Ltd. (ROYAL SUNDARAM)
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)
9. Star Health and Allied Insurance Company Limited (STAR HEALTH)**

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

* Launched its operations in July, 2006

** Launched its operations in March, 2006

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
34	IRDA (Insurance Advisory Committee) Regulations, 2005
35	IRDA (Micro-Insurance) Regulations, 2005
36	IRDA (Maternity Leave) Regulations, 2005
37	IRDA (Obligations of Insurers to Rural or Social Sector) (Amendment) Regulations, 2005

ANNEX III (a)

AGENTS LICENSED BY THE AUTHORITY (2005-2006)

(INDIVIDUAL AND CORPORATE)

LIFE INSURERS	Individual Agents		Corporate Agents		Total		
Name	New	Renewal	New	Renewal	New	Renewal	Total
ALLIANZ BAJAJ LIFE INSURANCE CO. LTD.	78,826	1365	18	8	78,844	1373	80,217
TATA AIG LIFE INSURANCE CO. LTD.	18,051	1277	10	10	18,061	1287	19,348
AMP SANMAR INSURANCE CO.LTD.	14,034	255	4	0	14,038	255	14,293
BIRLA SUN LIFE	11,101	778	15	19	11,116	797	11,913
AVIVA LIFE INSURANCE CO INDIA PVT. LTD.	9,178	23	2	1	9,180	24	9,204
HDFC STANDARD LIFE INSURANCE CO LTD.	14,762	1940	6	9	14,768	1949	16,717
ICICI PRUDENTIAL LIFE INSURANCE	41,552	2930	1	6	41,553	2,936	44,489
ING VYSYA LIFE INSURANCE CO. PVT. LTD.	13,689	354	0	0	13,689	354	14,043
LIFE INSURANCE CORPORATION OF INDIA	155,250	316752	15	59	155,265	316,811	472,076
MAX NEW YORK LIFE INSURANCE CO.LTD.	11,941	596	10	2	11,951	598	12,549
METLIFE INDIA INSURANCE CO. PVT. LTD.	8,217	124	1	1	8,218	125	8,343
OM KOTAK MAHINDRA LIFE INSURANCE CO.LTD.	6,920	443	5	6	6,925	449	7,374
SAHARA INDIA LIFE INSURANCE CO. LTD .	80	1	0	0	80	1	81
SHRIRAM LIFE INSURANCE CO. LTD.	5,935	2	0	0	5,935	2	5,937
SBI LIFE INSURANCE CO. LTD.	4,794	310	3	5	4,797	315	5,112
Sub Total	**394,330**	**327,150**	**90**	**126**	**394,420**	**327276**	**721,696**
GENERAL INSURERS							
TATA AIG GENERAL INSURANCE CO. LTD.	248	89	1	9	249	98	347
BAJAJ ALLIANZ GENERAL INSURANCE CO. LTD.	1,484	234	2	5	1,486	239	1,725
CHOLAMANDALAM MS GENERAL INSURANCE CO.LTD	102	33	0	1	102	34	136
EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD.	0	0	1	0	1	0	1
HDFC CHUBB GENERAL INSURANCE COMPANY LTD.	40	2	0	0	40	2	42
ICICI LOMBARD GENERAL INSURANCE CO. LTD.	1,099	71	4	1	1,103	72	1,175
IFFCO-TOKIO GENERAL INSURANCE CO. LTD.	1,060	80	2	2	1,062	82	1,144
THE NEW INDIA ASSURANCE CO. LTD.	2,308	7038	5	11	2,313	7,049	9,362
NATIONAL INSURANCE CO. LTD.	2,331	6534	0	13	2,331	6,547	8,878
THE ORIENTAL INSURANCE CO. LTD.	5,017	5198	1	7	5,018	5,205	10,223
RELIANCE GENERAL INSURANCE CO. LTD.	122	46	0	1	122	47	169
ROYAL SUNDARAM ALLIANCE INSURANCE CO LTD.	74	64	2	6	76	70	146
UNITED INDIA INSURANCE CO. LTD.	1,426	5739	8	30	1,434	5,769	7,203
Sub Total	**15,311**	**25,128**	**26**	**86**	**15,337**	**25,214**	**40,551**
Grand Total	**409,641**	**352,278**	**116**	**212**	**409,757**	**352,490**	**762,247**

ANNEX III (b)

AGENTS LICENSED BY THE AUTHORITY (2005-2006)
(URBAN AND RURAL)

LIFE INSURERS

Name	Urban	Rural	Total
ALLIANZ BAJAJ LIFE INSURANCE CO. LTD.	65651	14566	80217
TATA AIG LIFE INSURANCE CO. LTD.	18920	428	19348
AMP SANMAR INSURANCE CO.LTD.	11805	2488	14293
BIRLA SUN LIFE	11811	102	11913
AVIVA LIFE INSURANCE CO INDIA PVT. LTD.	8985	219	9204
HDFC STANDARD LIFE INSURANCE CO. LTD.	14582	2135	16717
ICICI PRUDENTIAL LIFE INSURANCE	43962	527	44489
ING VYSYA LIFE INSURANCE CO. PVT. LTD.	13238	805	14043
LIFE INSURANCE CORPORATION OF INDIA	186919	285157	472076
MAX NEW YORK LIFE INSURANCE CO.LTD.	12251	298	12549
METLIFE INDIA INSURANCE CO. PVT. LTD.	7895	448	8343
OM KOTAK MAHINDRA LIFE INSURANCE CO.LTD.	6761	613	7374
SAHARA INDIA LIFE INSURANCE CO. LTD.	71	10	81
SHRIRAM LIFE INSURANCE CO. LTD.	2163	3774	5937
SBI LIFE INSURANCE CO. LTD.	4413	699	5112
Sub Total	409,427	312,269	721,696

GENERAL INSURERS

Name	Urban	Rural	Total
TATA AIG GENERAL INSURANCE CO. LTD.	336	11	347
BAJAJ ALLIANZ GENERAL INSURANCE CO. LTD.	1512	213	1725
CHOLAMANDALAM GENERAL INSURANCE CO. LTD.	111	25	136
EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD.	1	0	1
HDFC CHUBB GENERAL INSURANCE CO. LTD.	42	0	42
ICICI LOMBARD GENERAL INSURANCE CO. LTD.	1107	68	1175
IFFCO-TOKIO GENERAL INSURANCE CO. LTD.	1103	41	1144
THE NEW INDIA ASSURANCE CO. LTD.	5837	3525	9362
NATIONAL INSURANCE CO. LTD.	5633	3245	8878
THE ORIENTAL INSURANCE CO. LTD.	6879	3344	10223
RELIANCE GENERAL INSURANCE CO. LTD.	161	8	169
ROYAL SUNDARAM ALLIANCE INSURANCE CO. LTD	114	32	146
UNITED INDIA INSURANCE CO. LTD.	4344	2859	7203
Sub Total	**27,180**	**13,371**	**40,551**
Grand Total	**436,607**	**325,640**	**762,247**

ANNEX IV (a)

APPOINTED ACTUARIES OF LIFE INSURERS
(As on 31st March 2006)

Name of Insurer	Name of Appointed Actuaries
Aviva Life Ins. Co. Pvt. Ltd.	Kewal Krishan Wadhwa*
Bajaj Allianz Life Ins. Co. Ltd.	Andrew Wakeling
Birla Sun Life Ins. Co. Ltd.	Kedar Mulgund
HDFC Standard Life Ins. Co. Ltd.	Nicholas David Taket
ICICI Prudential Life Ins. Co. Ltd.	V. Rajagopalan**
ING Vysya Life Ins. Co. Ltd.	Hemamalini Ramakrishnan
Kotak Mahindra Om Life Ins. Ltd.	Achaiyer Venkatasubramanian
LIC Of India	Gorakh Nath Agarwal
Max New York Life Ins. Co. Ltd.	John Charles Poole
Metlife India Ins. Co. Pvt. Ltd.	K P Sarma
Reliance Life Insurance Co. Ltd	Pournima Gupte
Sahara India Life Ins. Co. Ltd	K. K. Dharni
SBI Life Ins. Co. Ltd	R. Kannan***
Shriram Life Insurance Co. Ltd	N S Sastry
Tata AIG Life Insurance Co. Ltd	Heerak Basu

* Chandan Khasnobis was appointed w.e.f. 1st September 2006

** Azim Mithani was appointed w.e.f 1st July 2006

*** I Sambasiva Rao was appointed w.e.f. 1st April 2006

ANNEX IV (b)

APPOINTED ACTUARIES OF NON-LIFE INSURERS
(As on 31st March 2006)

Name of Insurer	Name of Appointed Actuaries
Agriculture Insurance Company Of India Limited	Nalinkumar Ramniklal Kapadia***
Bajaj Allianz General Insurance Company Ltd.	Asha J Joshi
Cholamandalam General Insurance Company Ltd.	M Venkatesan
HDFC Chubb Gen. Ins. Co. Ltd.	Narayanan Laxmanan
ICICI Lombard Gen. Ins Co. Ltd.	Liyaquat Khan
National Insurance Co. Ltd.	Bhudev Chatterjee
New India Assurance Co. Ltd.	Anand Ramachandra Prabhu
Reliance Gen. Ins. Co. Ltd.	N. Gopalakrishna Pai
Royal Sundaram Ins. Co. Ltd.	O. Laxmi Narayana
Tata AIG Gen. Ins Co. Ltd.	Kasim Hanumantha Rao
The Oriental Insurance Co. Ltd.	Premchand Gupta
United India Insurance Co. Ltd.	Sarangaraja Krishnan
Iffco-Tokio General Insurance Co., Ltd.	A. P. Peethambaran
Star Health And Allied Insurance Co. Ltd.	R Soundararajan
General Insurance Corporation Of India, Non-Life Re-Insurance Deptt	Dharmendra Kantilal Pandit
General Insurance Corporation Of India, Life Re-Insurance Deptt	T. Bhargava

*** Mr. S. Chidambaram was appointed w.e.f 25th August 2006

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 2005-06

Sl. No.	Insurer	Products	Riders
1	BAJAJ ALLIANZ	Bajaj Allianz Swarna Raksha (Revised)	Bajaj Allianz Mahila Gain Rider-CI + Reconstructive Breast Surgery
		Bajaj Allianz Health Care	
		Bajaj Allianz Secure First	
		Bajaj Allianz Family Care	Bajaj Allianz Mahila Gain Rider-CI + Reconstructive Breast Surgery + Complications of Pregnancy + Congenital Disabilities
		Bajaj Allianz Unit Gain Super	
		Bajaj Allianz Unit Gain premier SP	
2	RELIANCE	NIL	
3	AVIVA	Freedom Life Plan	Group Double Accident Death Benefit Rider
		India Bond	
4	BSLI	Classic Life Premier	
		Life Companion Money Back Plan	
		Life Companion Endowment Plan	
		Prime Life	
		Prime Life Premier	
		Simply Life	
5	HDFC STD	HDFC Group Flexible Term Insurance	
		HDFC Group Variable Term Assurance	
6	ICICI PRU	ICICI Pru Home Assure	
		ICICI Pru Golden Years	
		ICICI Pru Group Gratuity Plan-Plus	
		ICICI Pru Group Gratuity Plan-Platinum	
		ICICI Pru Group Superannuation Plus	
		ICICI Pru Group Superannuation Platinum	
		ICICI Pru Health Assure	
		ICICI Pru Health Assure plus	
		ICICI Pru Cancer Care	

Sl. No.	Insurer	Products	Riders
7	ING VYSYA	Creating Life Money back	
		New fulfiling Life Anticipated Whole Life Plan	
		One life plan	
		Platinum Life Plan	
		Safal Jeevan Money Back Plan	
8	LIC	LIC's Jeevan Plus	Accident benefit rider
		LIC's Golden Jubilee Policy - Bima Gold	
		LIC's Bima Bachat	
		LIC's Amulya Jeevan	
		LIC's Jeevan Akshay IV	
		LIC's Jeevan Tarang Plan	
9	MNYL	Immediate Annuity	
		Super Saver Bond	
		Life Maker Pension Plan	
		Max Mangal Endowment plan	
		Max Vriksha Money Back plan	
		Life partner Plus	
10	MET LIFE	Met Credit Life	
11	KOTAK OM	Kotak privileged Assurance Plan	
12	SBI LIFE	SBI Life Unit Plus_Single	
		SBI Life Unit Plus_Regular	
		SBI Life Dhana Vridhi	
		SBI Life - Immediate Annuity	
13	TATA AIG	TATA AIG Nirbhay Life	
14	SAHARA	Sahara Sanchay	Sahara Critical Illness Rider
		Sahara Samooh Suraksha	
		Sahara Kavach	
15	SHRIRAM	Shri Life	Accident Benefit Rider
		ShriNidhi	Family Income Benefit Rider
		Shri Raksha	

ANNEX VII

NON-LIFE PRODUCTS FILED BY INSURANCE COMPANIES UNDER FILE & USE PROCEDURES DURING THE FINANCIAL YEAR 2005-06

Name of the Insurer	Name of the Product
Agriculture Insurance Co. Ltd.	Wheat Insurance Policy
	Rainfall Insurance
	Potato Crop Input Insurance
	Coffee I(Rainfall index & Area yield)Insurance
	Mango (Weather &Yield) Insurance
	Poppy Insurance-MicroInsurance
Bajaj Allianz	Marine Hull Insurance
	Women Specific Critical Illness Plan
	Credit Insurance Policy
	Pravasi Bhartiya Bima Yojana
Cholamandalam	Marine Hull-Builders Risk Insurance Policy
	Marine Hull-Ship Breaking Policy
	Chola Student Travel Protection Plan
ECGC	Wholeturnover Post Shipment Guaranttee
	Shipment Comprehensive Risk Policy
HDFC Chubb	Forefront Portfolio Policy - Liability Insurance for SME's
ICICI Lombard	Marine Hull Insurance
	Banker's Indemnity Insurance Policy
	Jewller's Block Insurance Policy
	Secure Mind Policy
IFFCO Tokio	Errors &Omissions (Technology) Liability Policy
	Carriers' Legal Liability Policy
	Janata Personal Accident
National Insurance	Marine Hull Insurance
	Trauma Care Insurance Policy
	Safed Musli Plantation Insurance
	V Arogya Bima Policy
	VIDYARTHI-Mediclaim for Students
	PARIVAR-Mediclaim for Family
	DHANVANTHARI-Mediclaim Insurance Policy
	SBBJ-National Medikavach Bima
	Star National Swasthya Bima

Name of the Insurer	Name of the Product
New India Assurance	Marine Insurance Policy
Oriental Insurance	Marine Hull Insurance
Reliance General	Marine Hull Insurance
	Reliance Travel Care Insurance Policy
	Reliance Health Care Insurance Policy
	Reliance Home Care Insurance Policy
	Pravasi Bhartiya Bima Yojana
	Reliance Student Care Insurance Policy
	Reliance Student Care Insurance Policy
Royal Sundaram	Income Protector Plan-Standard Chartered Bank
	Health Shield Standard Insurance
	Critical Illnes (Lumpsum) Insurance
	Critical Illnes (Reimbursement) Insurance
	Multiyear (Two) Health Shield Insurance Policy
	Health Insurance Product Medicash
	Tax Saver Health Shield
Star Health	Medi-Classic Insurance
	Medi-Premier Insurance
	Accident Care (Individual) Insurance
	Accident Care (Group) Insurance
	School Student Care Insurance
	College Student Care Insurance
	Medi-Classic Insurance (Group)
	MICRO-Health Insurance Product
	Star Travel Protect Insurance-OMP
	Star Family Travel
	Star Corporate Travel
	Star Student Travel Protect Insurance
TATA-AIG General	Accident & Health Product - Hospital Care Policy
	Named Peril Directors & Officers Liability Policy
	Individual Accident & Sickness Hospital Cash Product-IHC
	Professional Liability (Specified Profession, Technology, Telecom, Outsourcing, Multimedia, Real Estates)
	Business Guard - Commercial Policy (Small Business)
United India	Marine Hull Insurance

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, War & SRCC	Rs. 10 Crores sum insured per policy	25.0%	10% at the end of 36 months
Marine Hull, War & SRCC	Rs.16 Crores sum insured per vessel	Net rated risks: 5% Gross rated risks: 17.5%	
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%

ANNEX IX

REGISTERED BROKERS (STATE-WISE) BREAKUP

State	Licenses Issued			Total
	Direct	Reinsurance	Composite	
Andhra Pradesh	14		1	15
Chandigarh	4			4
Gujarat	10			10
Karnataka	10			10
Kerala	3			3
Madhya Pradesh	3			3
Maharashtra	45	4	19	68
New Delhi	49		2	51
Punjab	11			11
Rajasthan	5			5
Tamil Nadu	16		1	17
Uttar Pradesh	8			8
West Bengal	15		2	17
Total	**193**	**4**	**25**	**222**

ANNEX X

TARIFF BUSINESS MONITORED BY TARIFF ADVISORY COMMITTEE

Sl.No.	Department		Product
1	Fire		All India Fire Tariff Industrial All Risks Tariff CL (Fire) Tariff Petrochemical Tariff
2	Marine		
		Hull	All classes of Marine Hull Insurance have been detariffed in respect of new business w.e.f.1-4-2005.
		Cargo	All classes of Marine Cargo Insurance have been detariff in respect of new business w.e.f. 1-4-2005
3	Engineering		Erection All Risks / Storage-cum-Erection Tariff
			Contractors' All Risks 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 (following Machinery Breakdown & Boiler Explosion) Tariff
			Revised Guidelines on underwriting Terrorism Risk
4	Motor		Act Policy
			Private Car Package Policy
			Motorised Two Wheelers' Package Policy
			Commercial Vehicle Package Policy
			Motor Trade Package Road and Transit Risks only policy
			Motor Trade – Internal Risks only policy
5	Miscellaneous		Workmen's Compensation Tariff

ANNEX XI

INSURANCE ADVISORY COMMITTEE

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	IRDA/F&A/002/2005-06	4/13/2005	Valuation of Debt Securities as at 31st March
2	03/IRDA/Life/GI guidelines/2005	4/5/2005	Draft Guidelines on Group Insurance Policies
3	IRDA/F&A/004/2005-06	4/15/2005	Appointment of Auditors by the Insurers
4	IRDA/BRO/005/2005-06	4/15/2005	Revocation of Direct Insurance Brokers License of M/s Avani Insurance Services Pvt. Ltd., Mumbai
5	IRDA/LIFE/006/2005-06	4/27/2005	Keyman Insurance Policies
6	IRDA/TAC/007/2005-06	5/2/2005	Induction of Sri RK Joshi, CMD, GIC of India, Sri B Chakraborti, CMD, National Insurance Co. Ltd. & Sri M Ramadoss, CMD, The Oriental Insurance Co. Ltd. in the Board of TAC.
7	08/IRDA/CTL/IBNR/2005-06	5/6/2005	Guidelines on estimatio of iBNR Claims provisoin under General Insurance Business
8	009/Cir/IRDA/Actl/ARC/2005-06	5/17/2005	Reconstitution of the Actuarial Review Committee
9	010/IRDA/Ord/Act/2005-06	178/05/2005	Re-constitution of Acturial Review Committee to review the actuarial statements, documents filed by insurers
10	-	5/24/2005	Standard instructions and guidelines applicable for approval/ renewal of on-line agents training institutes (portal)
11	BRO/ORD/010/May-05	5/31/2005	Suspension of Direct Insurance Brokers License of M/s Just Insurance Brokers Ltd.
12	11/IRDA/ACTL/IBNR/2005-06	6/8/2005	Guidelines on estimation of IBNR Claims provision under General Insurance Business.
13	01/IRDA/Actl/Law Comm/2005-06	6/8/2005	Committee to study the Report of the Law Commission and make recommendations - Regarding
14	IRDA/DB/096/03	6/20/2005	Notice of surrender of license by M/s Inspire Ensurance Broking Solutions Pvt. Ltd., Kolkata
15	IRDA/IAC/1/2005	6/9/2005	Reconstitution of the Insurance Advisory Committee with effect from 6th June, 2005
16	IRDA/F&A/012/2005-06	6/8/2005	Obligations of insurers to rural or social sectors
17	IRDA/F&A/013/2005-06	6/9/2005	Furnishing of Annual Financial Statements
18	IRDA/F&A/014/2005-06	6/9/2005	Accounting of the policies in force as on 31st March in the post Balance sheet period
19	015/IRDA/Life/Circular/GI Guidelines/2005	7/14/2005	Guidelines on Group Insurance Policies
20	BRO/ORD/016/JULY-05	7/13/2005	Suspension of Direct Insurance Brokers License of M/s Vision Insurance Risk Managmenet & Brokers Pvt. Ltd.
21	017/IRDA/Circular/CA Guidelines/2005	7/14/2005	Guidelines on licensing of Corporate Agents
22	018/IRDA/R&A/Jul-05	7/18/2005	Testing and Implementation of the F&A Module for life companies.
23	36/7/F&A/EMPL/74/July/05	7/25/2005	Appointment of Statutory Auditors by Insurance Companies

24	019/TAC/TPM/Jul-05	7/29/2005	Non-acceptance of Third Party Motor Proposals
25	IRDA/CIR/GEN/020/Aug-05	8/2/2005	Handling of Insurance Claims Arising out of Natural Calamities in the Western Region
26	-	8/4/2005	Clarifications on the speculation of the removal of flood cover by the general insurers on a news item appeared in Times of India on 4.8.2005
27	022/IRDA/F&A/Aug-05	8/25/2005	Regulatory framework on ((i) issue of shares in any form other than equity and (ii) transfer of shares
28	IRDA/GI/detariff/001/05-06	9/23/2005	Road map for the tariff free regime
29	024/IRDA/Bro/Sept-05	9/27/2005	Revocation of Suspension of Direct Insurance Brokers License of M/s Vision Insurance Risk Analysis Management & Brokers Pvt. Ltd.
30	IRDA/ADM/ORD/25/Aug-05	8/1/2005	Constitution of Surveyors and Loss Assessors Committee
31	51/1/F&A/Misc/119/Sept/2005-06	9/26/2005	Sec.64VC of Insurance Act 1938 - Opening of New Place of Business
32	-	9/30/2005	Report of te KPN Committee on Provisions of the Insurance Act, 1938
33	025/IRDA/GIC/Oct-05	10/11/2005	Appointment of Sri K.K. Srinivasan, Member (Non-Life) as Chairman of General Insurance Council in place of Mr. Mathew Verghese, who superannuated from services of IRDA.
34	026/IRDA/Ins.Brokers/Oct 05	10/11/2005	Code of Conduct for the Principal Officers of Licensed Insurance Brokers - Illegal tie up with foreign brokers.
35	-	10/18/2005	Shifting of Surveyors Department from New Delhi to Hyderabad
36	IRDA/DB/096/03	10/26/2005	Surrender of Direct Broker License of M/s Inspire Ensurance Broking Solutions Pvt. Ltd.
37	028/IRDA/F&A/oct-05	10/26/2005	Submission of final monthly data
38	ADM/ORD/50/oct-05	10/27/2005	Licensing, Accreditation/Renewal of Agents' Training Institutes.
39	-	11/10/2005	IRDA (Mirco-Insurance) Regulations, 2005
40	-	11/26/2005	Incorporation of Indian Institute of Insurance Surveyors & Loss Assessors.
41	30/IRDA/CIR/Lia Off/Dec-05	12/7/2005	Procedure for Opening of Liaison Office in India by an insurance company registered outside India.
42	-	12/9/2005	Revised Schedule of Meetings for Information about Membership of newly setup Surveyors Institute (IIISLA)
43	031/IRDA/TPA/05	12/15/2005	Clarifications on whether TPA and other agencies can enter into agreements with entities other than insurance companies for servicing their healthcare schemes.
44	-	12/20/2005	Schedule of Meetings for Inforamtion about Membership of Newly Setup Surveyors Institute (IIISLA)
45	-	12/21/2005	Press Release on the Guidelines in respect of design of products under Unit Linked Life Insurance Plans.
46	033/CIR/Agents/Dec-2005	12/27/2005	Insurance Qualification of the Corporate Agent

47	-	1/11/2006	Notice - Invitation of Membership to the Indian Institute of Insurance Surveyors and Loss Assessors
48	034/IRDA/R1/JAN-06	1/16/2006	Selection of Reinsurer/s
49	035/IRDA/LIFE/JAN-06	1/20/2006	In-principle approval of Opening of New Places of Business
50	036/IRDA/LIFE/JAN-06	1/30/2006	Partnership Insurance Policies
51	036/ORD/ATI/FEB-06	1/31/2006	Durgapur and Asansol Agents Training Center of M/s NIS Sparta - Direction to close the Centers.
52	-	2/1/2006	Change of name of AMP Sanmar Life Insurance Co. Ltd. to Reliance Life Insurance Co. Ltd.
53	-	2/8/2006	Trainee Surveyor Examination - Conduct of Examination
54	-	2/20/2006	Surveyors Institute - Reduction in entry fee for fellows and associats
55	IRDA/CB212/03	2/23/2006	Cancellation of License of M/s Sage Insurance Brokers Pvt. Ltd.
56	037/IRDA/F&A/Mar-06	3/6/2006	Profit on sale/redemption of investment - Income tax thereon
57	-	3/10/2006	Public Notice - Unauthorized activities of Sunlink India Insurance Co. Ltd.
58	039/IRDA/ACTL/RSM-NL/2005-06	3/16/2006	Guidelines on determination of Required Solvency Margin under General Insurance Business
59	-	3/18/2006	Public Notice - Motor Third Party Insurance Cover Refusals to be brought to the notice of Authority
60	040/IRDA/TPA/MAR-06	3/22/2006	Declining of renewal of license request of M/s ICAN Health Services Pvt. Ltd., Pune.
61	IRDA/DB/060/03	3/24/2006	Surrender of Direct Broker License of M/s Sterling General Insurance Brokers, New Delhi.
62	041/IRDA/ACTL/MAR-2006	3/29/2006	Note for the use of Appointed Actuaries for the Preparation of Actuarial Report and Abstract.
63	042/IRDA/ACTL/MAR-2006	3/29/2006	Note for the use of Appointed Actuaries for the Preparation of Actuarial Report and Abstract.
64	044/IRDA/F&A/MAR-06	3/31/2006	Panel of Auditors of Insurance Companies
65	045/IRDA/F&A/Mar-06	3/31/2006	IRDA (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000 - Clarifications
66	9a/LIFE/AML/2005-06	3/31/2006	Guidelines on Anti-Money Laundering Programme for Insurers
67	001/NL/GEN/APR 06	4/19/2006	Tendering of Insurance Covers
68	002/IRDA/F&A/Apr-06	4/21/2006	IRDA (Assets, Liabilities & Solvency Margin of Insurers) Regulations, 2000 - Requirements of stipulations under Section 64V (1)(i) of the Insurance Act.
69	003/NL/GRV/SRP-06	4/22/2006	Third Party Insurance of Motor Vehicles - Refusal
70	004/NL/GEN/APR-06	4/22/2006	Predatory Pricing Practices on the eve of De-tariffing

71	IRDA/INV/CIR/005/2006-07	4/28/2006	Investment in Innovative Perpetual Debt Instruments on Bank's Tier-1 Capital and Debt Capital Instruments of Bank's Upper Tier-2 Capital.
72	25/F&U/ICICI-Lomb/Loan Shied/06-07	4/28/2006	Direction to ICICI Lombard for withdrawal of Loan Shield Product and discontinue the marketing of the same by its offices, agents & insurance brokers.
73	006/IRDA/GRV/MAY-06	5/10/2006	Constitution of Committee to look into the existing grievance redressal systems in the PSUs and formulate guidelines for adoption by the insurers and suggest modifcations to the regulations for protection of policy holder's interest.
74	007/IRDA/F&A/MAY-06	5/11/2006	List of Life Insurers deemed to have not contravened the provisions of Section 40B of the Insurance Act 1938 Read with Rule 17D of The Insurance Rules 1939
75	008/IRDA/F&A/May-06	5/17/2006	IRDA (Assets, Liabilities & Solvency Margin of Insurers) Regulations, 2000 - Consideration of reserve for computation of solvency margin which is less than that created in the financial statements.
76	009/IRDA/BRO/MAY-06	5/26/2006	Brokers - On-life Filing of Annual Returns
77	010/IRDA/Actl/May-2006	5/26/2006	Life Insurance Products - Guidelines for Unit Linked Life Insurance Products
78	011/IRDA/ATI/Jun-06	6/23/2006	Addendum to On-line Agents Training Institute Guidelines.
79	-	6/30/2006	Working Group on IRDA Investment Regulations
80	ADM/ORD/76/JUNE-06	7/19/2006	Expert Committee on Brokers and Broker Related Issues
81	012/IRDA/F&A/Jul-06	7/24/2006	Obligations of insurers to rural and social sectors - Sixth year requirements
82	IRDA/GI/Detariff/06	8/9/2006	Draft Revised File & USE Guidelines for General Insurance Products
83	013/IRDA/LIFE/JUL-06	7/27/2006	Guidelines on Anti-Money Laundering Programme for Insurers.
84	-	8/16/2006	Notice of meetings of Constitution of Expert Committee to review the Regualtions govering the licensing of Brokers.
85	015/IRDA/SURV/AUG-06	8/16/2006	Authorization of Sri RC Sharma, SAD in place of Sri TS Naik, DD as signatory to sign surveyors' licenses on behalf of IRDA.
86	IRDA/SURV/016/Aug-06	8/23/2006	Special Dispensation to insurers under Section 64UM (2) of the Insurance Act 1938 in view of flash floods in Surat, Gujarat.
87	IRDA/F&A/018/Aug-06	8/28/2006	On-line Filing of Monthly New Business Statistics by Life Insurers
88	019/IRDA/LIFE/SEP-06	9/26/2006	Guidelines on Anti-Money Laundering Programme for Insurers.
89	020/NL/IRDA/06	9/15/2006	Guidelines on Insurance and Reinsurance of General Insurance Risks
90	021/IRDA/F&U/SEP-06	9/28/2006	Guidelines on "File and Use" Requirements for General Insurance Products.

ANNEX – XIII

ANNUAL STATEMENT OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

AUDIT CERTIFICATE

I have audited the attached Balance Sheet of Insurance Regulatory and Development Authority, Hyderabad as on 31st March 2006 and the Income and Expenditure Account and Receipts and Payments Account for the year ending on 31st March 2006. Preparation of these financial statements is the responsibility of the Insurance Regulatory and Development Authority. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with applicable rules and the auditing standards generally accepted in India. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. I believe that my audit provides a reasonable basis for my opinion.

Based on our audit, I report that:

1. I have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

2. Subject to the major observations given below and detailed observations in the Separate Audit Report annexed herewith, I report that the Balance Sheet and the Income and Expenditure Account/Receipt and Payment Account dealt with by this report are properly drawn up and are in agreement with the books of accounts.

   - The investments of Rs. 160.60 crore were made in the bank deposits in violation of the direction of the Ministry of Finance for keeping these funds in the Public Account of India **(Paragraph 1.2);**

   - The surplus funds of Rs. 129.51 crore were not credited to IRDA funds **(Paragraph 2.1.1).**

3. in my opinion and to the best of my information and according to the explanations given to me:

   (i) the accounts give the information required under the prescribed format of accounts:

   (ii) the said Balance Sheet, Income and Expenditure Account/Receipts and Payments Account read together with the Accounting Policies and Notes thereon, and subject to the significant matters stated above and other matters mentioned in the Separate Audit Report annexed herewith give a true and fair view.

   a. In so far as it relates to the Balance Sheet of the state of affairs of the Insurance Regulatory and Development Authority as at 31st March 2006 and

   b. In so far as it relates to the Income and Expenditure Account of the surplus for the year ended on that date.

Place: New Delhi **Director General of Audit**

Dated: **Central Revenues**

AUDITOR'S REPORT

AUDIT REPORT ON THE ACCOUNTS OF INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD FOR 2005-06

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, Powers and Conditions of Service) Act, 1971 read with Section 17 of the IRDA Act, 1999.

1.1 Sources of receipts and expenditure

During the year 2005-06, the Authority's receipts were Rs. 67.04 crore, mainly from fees received from various insurance companies/agents on account of registration, renewal charges and income from investments etc. The expenditure of the Authority was Rs. 12.09 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 2006, funds amounting to Rs. 160.60 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 2006 was Rs. 129.51 crore, which should have been transferred to IRDA fund.

Though this matter was pointed out during the years 2002-03 to 2004-05, the Authority has not credited the surplus to the IRDA fund.

The Authority stated (September 2006) that the Balance Sheet had been prepared as per form "A" which was approved by the competent authority. Any deviation in this exhibition will be a violation in the rules made by the Government of India in consultation with the Comptroller and Auditor General of India.

The reply of the Authority is not tenable as the heading IRDA fund is clearly depicted on the liability side of the Balance Sheet in the format of accounts and surplus fund can be transferred to this head without any change in the format of accounts.

Assets

2.1.2 Fixed Assets

The Authority depicted Rs. 2.36 lakh as addition under the head 'Books' in Annexure-1 "Schedule of fixed assets" annexed to the Balance Sheet. This included books costing Rs. 1.94 lakh purchased during the year 2005-06 on which hundred *per cent* depreciation was charged. As each book costs more than Rs. 5,000/- and the utilities of these books spread over a number of years, charging hundred *per cent* depreciation is against the accounting policy. This resulted in understatement of fixed assets and overstatement of expenditure by Rs. 1.94 lakh.

The Authority stated (September 2006) that all books, except Technical Documentation books were normally depreciated fully in the year of purchase as per the practice consistently followed in IRDA.

The reply of the Authority is not tenable as cost of each book is substantial The Authority is required to review the utility of these books and depict them in the accounts accordingly.

2.1.3 Understatement of Current Assets

2.1.3.1 Expenditure on behalf of PFRDA

Expenditure of Rs. 2.19 crore was incurred by the Authority on behalf of PFRDA upto 31-03-2006 out of which Rs. 1 crore was reimbursed during the year 2005-06. Thus, balance amount of Rs. 1.19 crore was to be depicted as advance to PFRDA (Pension Fund Regulatory and Development Authority) under the head current assets against which Rs. 64.50 lakh only was shown as advance.

The actual position needs to be reviewed and reconciled.

2.1.3.2 Advance to Prasar Bharti

Against advance of Rs. 13.18 crore given to Prasar Bharti for advertisement during the year 2002-03 and 2003-04, adjustment accounts for Rs. 12.99 crore only were rendered during the year 2005-06. Unadjusted advance of Rs. 0.19 crore was not accounted for under the head current assets, which resulted in understatement of advance by Rs. 0.19 crore.

The Authority stated (September 2006) that against the figure of Rs. 13.18 crore shown outstanding on 31 March 2006, the net advance outstanding worked out to Rs. 12.99 crore which had been adjusted. The variation of Rs. 0.19 crore represented the credits given to Prasar Bharti account.

The reply of the Authority is not tenable as details of the credits of Rs. 0.19 crore given to Prasar Bharti had not been depicted in the accounts. In the trial balance, the opening balance had been shown as Rs. 12.99 crore against the closing balance of Rs. 13.18 crore as on 31 March 2005.

3. General

3.1 The Authority has not carried out physical verification of fixed assets during the year 2005-06 in respect of assets other than computers. The discrepancies between physical balance and book balances were still to be identified, reconciled and adjusted in the Books of Accounts. Therefore, the authenticity of figures shown in the Balance Sheet could not be verified. The Authority stated (September 2006) that a Committee was appointed on 27.4.2006 for conducting physical verification of all the assets of the Authority and that it had submitted its report on Computers.

3.2 The Authority had not established any internal audit wing of its own and the internal audit assignment had been outsourced to Chartered Accountants.

4. Net impact of audit comments

The net effect of the audit comments given in the preceding paras is that the assets were understated by Rs. 20.94 lakh as on 31 March 2006 and expenditure was overstated by Rs. 1.94 lakh.

Place : New Delhi
Date :

Director General of Audit
Central Revenues

FORM - A

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
Balance Sheet as at 31 st March 2006

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]**		19,821,464	-Gross Block	24,006,503
893,244	-At beginning of the year	893,244	11,447,979	-Less:Depreciation	14,146,334
-	-Receipts in the year	-	8,373,485	-Net Block	9,860,168
893,244	-Balance at end of the year	893,244	525,000	-Capital Work-in-Progress	0
	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 year	-	-	i) Securities of Central and State Government	
-		-	-	ii) Units	-
	iii) **Surplus and Funds**		1,032,626,388	iii) Fixed Deposits with scheduled Bank	1,606,001,000
517,520,396	-Balance as per last Balance Sheet	857,913,846	-	iv) Others	-
340,393,450	Add: Excess of Income over expenditure as per Income and Expenditure Account - Annexed	437,220,027		**CURRENT ASSETS, LOANS AND ADVANCES [See Note 3]**	
-	Less: Excess of Expenditure Over Income as per Income and Expenditure Account - Annexed	-	690,253	i) Deposits	981,038
857,913,846	- Balance at the end of the year	1,295,133,873	11,778,393	ii) Loans & Advances to Staff	15,071,029
			106,500	iii) Amount Due from Insurance Companies & Other	69,100
-	iv) **Gift and Donations**	-	203,047,314	iv) Other Current Assets	48,892,921
				v) Cash & Bank Balances	
-	v) **Other Balances**	-	17,037	a) Cash in Hand	12,291
				b) Cash in Transit	32,709
	LOANS		32,003,690	c) Bank Balances	8,444,945
-	i) Secured (stating the security offered for the purpose)	-			
-	ii) Unsecured	-			
-	iii) Loan from Government of India	-			
-	iv) Other Loans	-			

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
Balance Sheet as at 31 st March 2006

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:				
154,461		-for Capital Items	51,336			
158,216,711		-for Other Items	47,843,910			
	ii)	PROVISIONS:				
106,500		-Provision for doubtful debts and advances	106,500			
-		-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:				
337,415		(a) Provident Fund	361,040			
-		(b) Other Welfare Funds	-			
3,068,071		(c) Retirement Benefit Fund and Staff Benefit Fund:	5,900,382			
	4.	Others (Specify)				
1,530,689		-other Liabilites (Tax deducted at source)	1,488,905			
266,906,061		-Registration Renewal fee received in Advance	337,519,414			
41,062		-Soft Furnishing Recovery	66,597			
1,289,168,060			**1,689,365,201**	**1,289,168,060**		**1,689,365,201**

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.

(K.Jagan Mohan Rao)	**(K.K.Srinivasan)**	**(C. R. Muralidharan)**	**(C.S.Rao)**
Chief Accounts Officer	**Member**	**Member**	**Chairman**

FORM - B

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

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.)
2,150,785	Payment to Chairperson and Members	2,640,363		Grants in Aid	
21,861,127	Payment to and Provision for members of Staff [See Note 1]	37,864,418	-	Received	-
64,502,726	Establishment Expenses **[See Note 2]**	69,785,045	-	Receivable	-
1,940,978	Rent	1,832,703	-	Less: Transferred to Capital Fund	-
-	Research & Consultation Fees	-		Registration Fees	
-	Seminars,Conference, Publications, etc.[See Contra]	-	-	Agents	-
-	Interest **[See Note 3]**	-	1,841,330	Surveyors and Insurance intermediaries	1,622,480
3,659,394	Depreciation	2,698,356	1,575,000	Brokers	425,000
-	Capital Assets Written Off		110,000	Third Party Administrators	80,000
12,113	Loss on Write Off of Asset		-	Insurance Companies	100,000
-	Provison for doubtful debts and advances	-		Renewal Fees	
-	Development Expenditure	154,700	215,394,170	Insurance Companies	252,995,804
1,922,640	Promotional Epxenditure	2,357,195	8,247,536	Brokers	13,593,968
68,390	Other Expenses	370,644	151,878,484	Agents	220,241,800
	Fringe Benefit Tax	3,176,328		Surveyors and Insurance intermediaries	
340,393,450	Excess of Income Over Expendiutre for the year carried down	437,220,027	390,000	Third Party Administrators	290,200
				Others	
			297,756	Penalties,Fines etc.	-
			-	Seminar, Conferences and Publications etc.	-
			56,204,670	Income on Investments - Interest on deposits with Scheduled Banks	67,978,541
			-	Interest on Deposits	
				Interest on advances	
			238,890	i) granted to members of staff for housing purposes	378,762
			149,313	ii) granted to members of staff for other purposes	200,876
			-	iii) Others	
			184,454	Miscellaneous Income	192,348
436,511,603		**558,099,779**	**436,511,603**		**558,099,779**

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.

(K.Jagan Mohan Rao)	(K.K.Srinivasan)	(C. R. Muralidharan)	(C.S.Rao)
Chief Accounts Officer	Member	Member	Chairman

FORM - C

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006

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	32,003,690	2	By Seminars, Conference, Publications etc.	-
	ii) Cash in hand	17,037	3	By Rent Payments	4,493,813
	iii) Cheques on hand		4	By Development Expenditure	154,700
	iv) Cash / Cheques in transit		5	By Promotional Expenditure	2,362,641
2	To Registration Fees		6	By Payment to Chairperson and Members	
	- Insurance Companies	100,000		(i) Pay and Allowances	2,115,628
	- Third Party Administrators	80,000		(ii) Other Benefits	537,539
	- Insurance Brokers	1,000,000		(iii) Travelling Expenses	7,134,249
	- Insurance Agents		7	By Establishment Expenses	
	- Insurance Surveyor	1,622,480		(i) Pay and Allowances	22,478,330
	- Others			(ii) Other Benefits	2,206,331
3	To Registration Renewal Fees			(iii) Travelling Expenses	11,731,312
	- Insurance Companies	320,516,957		(iv) Retirement Benefits	3,507,112
	- Third Party Administrators	290,200	8	By Office Expenses	33,528,353
	- Insurance Surveyors		9	By Interest on	
	- Insurance Agents	223,334,000		(i) Government Loans	-
	- Insurance Brokers	13,593,968		(ii) Other Loans	-
	- Others		10	By Purchase of Assets	4,339,393
4	To Penalties,Fines from insurers and intermediaries		11	By Capital Work-in-Progress	
5	To Seminar,Conferences etc.		12	By Advances to staff and others including travel advance	5,951,847
6	To Income from Investments		13	By Investments	2,292,231,925
7	To Sale of Investments	1,718,857,313	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	
	ii) Gift and Donations		17	By Payments to IIRM	16,736,133
9	To Loans		18	By PFRDA	78,617
10	To Sales of Publication etc.		19	By Fringe Benefit Tax	3,176,328
11	To Sale of Assets				
12	To interest received on				
	- Deposits	106,633,139			
	- Advances				
	- Others				
13	To Recoveries from Employees			By Balance carried forward	
	(a) Loans and Advances	2,945,714		i) Cash at Bank	8,444,945
	(b) Interest on Loans and Advances	-		ii) Cash in hand	12,291
	(c) Misc. Recoveries	144,955		iii) Cheques in hand	
14	To Other Receipts			iv) Cash/ Cheques in Transit	32,709
	(a) Miscellaneous Income	47,393			
	(b) Security deposit from Contractors	65,000			
	(c) Security deposit received back	2,350			
		2,421,254,195			**2,421,254,195**

(K.Jagan Mohan Rao)
Chief Accounts Officer

(K.K.Srinivasan)
Member

(C. R. Muralidharan)
Member

(C. S. Rao)
Chairman

ANNEXURE I

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD

Schedule of Fixed Assets annexured to and forming part of Balance Sheet as on 31st March 2006

Particulars	Gross block				Depreciation				Net block	
	Cost as on 1.04.2005	Additions During the Year	Sold/Disposed Off During the Year	Total as on 31.03.2006	As on 1.04.2005	For the Year	Adjustments	As on 31.03.2006	As on 31.03.2006	As on 31.03.2005
Office Premises										
(a) Land	-	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-	-
Residential Flats	-	-	-	-	-	-	-	-	-	-
(a) Land	-	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-	-
Vehicles	577,255	(0)	-	**577,255**	338,201	61,891	-	400,092	**177,163**	239,054
Equipments	3,654,661	1,001,720		**4,656,381**	1,324,025	488,265		1,812,290	**2,844,091**	2,330,636
Furniture and Fixtures	4,009,952	705,635		**4,715,587**	1,697,644	552,421		2,250,065	**2,465,522**	2,312,308
Computers	11,488,784	2,241,432		**13,730,216**	7,997,297	1,359,526		9,356,823	**4,373,393**	3,491,487
Books	90,812	236,252		**327,064**	90,812	236,252		327,064	**-**	-
Total	**19,821,464**	**4,185,039**	**-**	**24,006,503**	**11,447,979**	**2,698,355**	**-**	**14,146,334**	**9,860,169**	**8,373,485**

(K.Jagan Mohan Rao) **Chief Accounts Officer**	**(K.K.Srinivasan)** **Member**	**(C. R. Muralidharan)** **Member**	**(C.S.Rao)** **Chairman**

ANNEXURE-II

INSURANCE REGULATORY AND DEVELOMENT AUTHORITY, HYDERABAD
Attached to and forming part of Balance Sheet as at 31 March 2006
INVESTMENTS

Name of Bank	Date	Amount (Rs.)	Rate of interest	Period	Date of Maturity	Interest Received	Interest accured but not due
Andhra Bank	2-Sep-05	13,000,000	6.75%	155	2-Sep-06		520,586
Hyderabad	25-Sep-03	1,000,000	5.50%	178	25-Sep-06		149,655
	3-Oct-05	10,000,000	6.80%	186	3-Oct-06		342,890
	31-Dec-03	1,450,000	5.75%	275	31-Dec-06		201,910
	31-Dec-03	1,450,000	5.75%	275	31-Dec-06		201,910
	31-Dec-03	1,450,000	5.75%	275	31-Dec-06		201,910
	31-Dec-03	1,450,000	5.75%	275	31-Dec-06		201,910
	31-Dec-03	1,450,000	5.75%	275	31-Dec-06		201,910
	31-Dec-03	1,450,000	5.75%	275	31-Dec-06		201,910
	31-Dec-03	1,300,000	5.75%	275	31-Dec-06		181,023
	30-Jun-05	50,000,000	6.50%	822	30-Jun-08		2,524,699
		84,000,000					**4,930,313**
Bank of India	7-Nov-03	4,000,000	5.25%	221	7-Nov-06		541,375
Hyderabad	16-Jan-04	10,000,000	5.50%	291	16-Jan-07		1,300,975
	20-Jan-04	5,000,000	5.50%	295	20-Jan-07		647,079
	23-Jan-04	5,000,000	5.50%	298	23-Jan-07		644,523
	24-Jun-03	5,000,000	6.00%	816	24-Jun-08		911,340
	30-Jun-03	5,000,000	6.00%	819	27-Jun-08		905,451
		34,000,000					**4,950,743**
Canara Bank	13-Jun-03	3,000,000	6.00%	74	13-Jun-06		553,283
Hyderabad	12-Aug-03	1,500,000	6.00%	134	12-Aug-06		259,090
	30-Aug-03	5,000,000	6.00%	151	29-Aug-06		846,224
	11-Mar-04	1,000,000	5.50%	345	11-Mar-07		120,725
	31-Mar-06	300,000,000	8.91%	365	31-Mar-07		74,250
		310,500,000					**1,853,572**
ICICI Bank Hyderabad	19-Jun-03	4,000,000	6.00%	80	19-Jun-06		732,999
Hyderabad	26-Jun-03	3,000,000	6.00%	88	27-Jun-06		545,626
	14-Jul-03	5,000,000	6.00%	105	14-Jul-06		891,708
	19-Aug-05	10,001,000	6.80%	144	22-Aug-06		430,848
	17-Sep-03	5,000,000	5.75%	171	18-Sep-06		791,943
	20-Nov-03	5,000,000	5.50%	173	20-Sep-06		699,677
	29-Mar-06	300,000,000	9.35%	730	30-Mar-08		233,750
	31-Mar-06	100,000,000	9.25%	364	30-Mar-07		25,694
		432,001,000					**4,352,245**

Contd.

Name of Bank	Date	Amount (Rs.)	Rate of interest	Period	Date of Maturity	Interest Received	Interest accured but not due
Indian Overseas Bank,							
Hyderabad	25-Jun-03	2,000,000	6.00%	86	25-Jun-06		364,144
	10-Oct-03	2,500,000	5.50%	193	10-Oct-06		367,570
	4-Dec-03	5,000,000	5.50%	248	4-Dec-06		687,584
	2-Apr-05	30,000,000	7.00%	368	3-Apr-07		2,180,781
		39,500,000					**3,600,079**
IndusInd Bank	17-Jan-06	30,000,000	7.30%	108	17-Jul-06		450,167
Hyderabad		**30,000,000**					**450,167**
Lakshmi Vilas Bank,	19-Jan-06	16,000,000	7.40%	110	19-Jul-06		236,800
Hyderabad	31-Jan-06	17,500,000	7.40%	122	31-Jul-06		215,833
	2-Mar-06	15,000,000	8.15%	336	2-Mar-07		101,875
		48,500,000					**554,508**
Oriental Bank of	31-Mar-06	100,000,000	9.05%	365	31-Mar-07		25,139
Commerce		**100,000,000**					**25,139**
State Bank of	8-Mar-06	20,000,000	8.50%	342	8-Mar-07		113,333
Hyderabad	24-Mar-04	2,500,000	5.50%	358	24-Mar-07		296,273
	31-Mar-06	40,000,000	8.91%	365	31-Mar-07		9,900
	31-Mar-06	300,000,000	8.91%	365	31-Mar-07		74,250
		362,500,000					**493,756**
State Bank of India,	23-Dec-05	50,000,000	7.25%	267	23-Dec-06		998,518
Hyderabad	26-Dec-05	50,000,000	7.25%	270	26-Dec-06		967,762
	2-Apr-05	15,000,000	6.75%	2	2-Apr-06		1,050,447
	5-Jan-06	50,000,000	7.10%	280	5-Jan-07		848,056
		165,000,000					**3,864,783**
Grand Total		1,606,001,000					25,075,305

2. Others

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

(K.Jagan Mohan Rao)	**(K.K.Srinivasan)**	**(C.R.Muralidharan)**	**(C.S.Rao)**
Chief Accounts Officer	**Member**	**Member**	**Chairman**

ANNEXURE III

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
Attached to and forming part of balance sheet as at 31st March 2006

CURRENT ASSETS, LOANS AND ADVANCES

PARTICULARS	Figures for the Current Year Rs	Figures for the Previous Year Rs
DEPOSITS		
-For Premises	817,185	524,050
-with Others - MTNL	31,730	34,080
-with Electricity 128,123	128,123	
-For Fuel	4,000	4,000
TOTAL	**981,038**	**690,253**
LOANS & ADVANCES TO STAFF		
-Housing Loan to Staff	8,278,661	6,279,275
-Loans to Staff for other purposes	4,805,161	4,486,189
-Other Advances - Festival	243,620	155,926
-Interest Recoverable	1,325,515	745,877
-Advance - others	418,072	111,126
TOTAL	15,071,029	11,778,393
AMOUNTS DUE FROM INSURANCE COMPANIES & OTHERS		
-Insurance Companies'-[Indicates the amount due from State Insurance Companies]	69,100	69,100
-Agents - [Indicates the amount of expired cheques in hand received from agents earlier]	-	37,400
TOTAL	69,100	106,500
OTHER CURRENT ASSETS		
-Expense Recoverable	-	-
-Prepaid Expenses	213,528	576,856
-Interest Accrued but not due - Bank deposits	25,075,306	63,729,904
-Amount recoverable- others	245,338	99,390
-Advances on Capital Account - [For software development]	-	104,208
-Advance to Institute of Insurnace and Risk Management	16,736,133	-
- Advance to PFRDA	6,450,299	6,651,283
-Other -Advance for Travel	172,317	43,435
-Advance to IRDA Superannuation Trust	-	-
-Advance to Prasar Bharti	0	131,842,238
TOTAL	48,892,921	203,047,314
CASH AND BANK BALANCES		
-Cash in hand	12,291	17,037
-Cheques in hand	-	-
-Cash/ Cheque in transit	32,709	-
-Balances with Scheduled Banks		
(a) In Current Account	5,987,280	31,351,401
(b) on Deposit Account	-	-
(c) on savings bank Account	2,457,665	652,289
TOTAL	8,444,945	32,003,690
-Balance with Non Scheduled Bank		
(a) In Current Account	-	-
(b) In Deposit Account	-	-
TOTAL	-	-

(K.Jagan Mohan Rao)	(K.K.Srinivasan)	(C. R. Muralidharan)	(C.S.Rao)
Chief Accounts Officer	Member	Member	Chairman

ANNEXURE IV

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
Attached to and forming part of balance-sheet as on 31st March 2006

PARTICULARS	Figures for the Current Year Rs	Figures for the Previous Year Rs
Grant from Government of India	-	-

(K.Jagan Mohan Rao) Chief Accounts Officer	(K.K.Srinivasan) Member	(C. R. Muralidharan) Member	(C.S.Rao) Chairman

ANNEXURE V

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
Attached to and forming part of balance-sheet as on 31st March 2006

CONTINGENT LIABILITIES

Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
	-	-
	-	-

(K.Jagan Mohan Rao) Chief Accounts Officer	(K.K.Srinivasan) Member	(C. R. Muralidharan) Member	(C.S.Rao) Chairman

ANNEXURE VI

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD

Attached to and forming part of Income and Expenditure Account to the year ended 31st March 2006

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	29,378,246	16,348,801
ii)	Contribution to Provident Fund, etc [including contribution to superannuation fund of Rs 14,05,288/-]	3,259,240	2,552,116
iii)	Gratuity	1,408,716	411,991
iv)	Staff Welfare Expenses	165,909	473,276
v)	Others		
	-Book Grant	-	-
	-Leave Travel Concession	682,870	713,200
	-Insurance	-	-
	-Canteen Expenses	-	-
	-Monetary Award - Studies	-	-
	-Contribution to Group Insurance Scheme	446,039	111,830
	-Reimbursement of expenses incurred by Staff	842,714	744,647
	-Leave Salary	1,680,684	505,266
	TOTAL	**37,864,418**	**21,861,127**

(K.Jagan Mohan Rao)	(K.K.Srinivasan)	(C. R. Muralidharan)	(C.S.Rao)
Chief Accounts Officer	Member	Member	Chairman

ANNEXURE VII

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD

Attached to and forming part of Income and Expenditure Account for the year ended 31st March 2006

ESTABLISHMENT EXPENSES

Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
Repairs & Maintenance of Buildings & Premises	1,353,748	2,770,115
House Keeping - Office Maintenance	904,667	787,092
Repairs & Maintenance of Equipments	-	-
Repairs and Maintenance - Others	-	-
Electricity & water Exp	1,783,699	911,080
Insurance exp	261,793	7,641
Rates and Taxes	2,500	-
Printing and Stationery	974,381	444,009
Books/Journals etc.	84,708	144,673
Postage, Telegraphs, Telephones, etc.	3,219,035	2,253,867
Travelling and Conveyance Inland	12,966,184	6,950,898
Travel - Foreign	6,169,262	5,657,570
Legal and Professional charges	7,938,902	5,786,267
Education/Training/R&D/Grievances Redressal Expenses	-	-
Audit Fees	251,920	359,705
Software	-	-
Publicity & Advertisement	27,764,163	35,633,255
Recruitment	-	-
Expenses of Meetings of Authority & Advisory Committee & Others meeting expenses including daily allowances paid to the members of the Committee	1,377,480	834,189
Membership and Subscription	2,879,353	801,639
Security Services	180,026	102,968
Web Portal Development Expenses	527,500	169,250
Canteen Exp	811,068	539,370
Car Repair and Maintenance Expenses	56,729	45,599
Other Expenses	277,927	303,539
TOTAL	**69,785,045**	**64,502,726**

(K.Jagan Mohan Rao)	(K.K.Srinivasan)	(C. R. Muralidharan)	(C.S.Rao)
Chief Accounts Officer	Member	Member	Chairman

ANNEXURE VIII

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD

Attached to and forming part of Income and Expenditure Account for the year ended 31st March 2006

NTEREST

Particulars	Figures for the Current Year Rs	Figures for the Previous Year Rs
Government	-	-
Banks	-	-
Others	-	-
TOTAL	-	-

(K.Jagan Mohan Rao)	(K.K.Srinivasan)	(C. R. Muralidharan)	(C.S.Rao)
Chief Accounts Officer	Member	Member	Chairman

ANNEXURE 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 in the nature of fixed deposits with banks are stated at cost.

(c) **Revenues**

(i) **Registration Fee**

(a) Received from insurer seeking for the first time, registration for carrying on any class of insurance business in India is treated as income of the year of receipt.

(b) Received in advance from insurers for renewal of registration is treated as income of the year to which it relates.

(ii) **Licence Fee**

Licence fee received from insurance agents, surveyors, brokers and other insurance intermediaries is treated as income of the year of receipt. 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 fee 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 and July 9, 2005 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, other departments in August 2002 and the Surveyors Department in October 2005. The office of the Authority is located in Parisrama Bhavan 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 , the legal title of which is yet to be transferred.

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 Rs.18,32,702/- [Previous year Rs.19,40,978/-].

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/-
(K.Jagan Mohan Rao)	**(K.K.Srinivasan)**
Chief Accounts Officer	**Member**
Sd/-	Sd/-
(C. R. Muralidharan)	**(C.S.Rao)**
Member	**Chairman**

ANNEX XIV

ADDRESSES OF INSURERS AND OMBUDSMAN

LIFE INSURERS

SL. NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
1	Reliance Life Insurance Company Ltd.	Mr. P. Nanda Gopal	5th Floor - Express Building 14, "E" Road, Churchgate,Mumbai 400 020	Tel. No.: 044-28118450/56623931/32 Fax: 044-28117669 Web: www.reliancelife.co.in
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. S. K. Mitra	6th Floor, Vaman Centre, Makhwana Raod, Near Marol Naka,Off Andheri – Kurla Raod, Andheri (E), MUMBAI-400 059.	Tel. No.: 022-56783366 Fax: 022-56783377 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: 022-2822 8844 Email: md@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 / 56621996Fax: 022-56622031 Email: shikhasharma@iciciprulife.com Web: www.iciciprulife.com
7	ING Vysya Life Insurance Co. Pvt. Ltd.	Mr. Kshitij Jain	5th Floor, ING Vysya House,22, Mahatma Gandhi Road, BANGALORE – 560 001.	Tel. No.: 080-25328000 Fax: 080-25559753/25559764 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
9	Life Insurance Corporation of India	Mr. T. S. Vijayan	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 Web: www.saharalife.com

SL. NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
13	SBI Life Insurance Co. Ltd.	Mr. S. Krishnamurthy	2nd Floor, Turner Morrison Building, G.N. Vaidya Marg, Fort, MUMBAI – 400 023.	Tel. No.: 022-56339321/56392010 Fax: 022-56392012 Email: s.krishnamurthy@sbilife.co.in Web: www.sbilife.co.in
14	Shriram Life Insurance Company Ltd.	Mr. R. Duruvasan	Regd. Office : 3-6-478, 3rd Floor, Anand Estate, Liberty Road, Himayat Nagar, Hyderabad - 500029	Tel. No.: 040-23434466-72 Fax : 040-23434488
15	TATA AIG Life Insurance Company Ltd.	Mr. Trevor Bull	5th & 6th Floor Peninsula TowersGanpatrao Kadam Marg, Lower Parel, Mumbai - 400013.	Tel. No.: 022-56516001/6002 Fax 022- 56661414 Email: trevor.bull@tata-aig.com Web: www.tata-aig.com
16	Bharti AXA Life Insurance Company Ltd.	Mr. Nitin Chopra	61/62, Kalpataru Synergy, Vakola, Opp. Grand Hyatt Hotel, Santacruz (E) Mumbai – 400 055	Tel. No.022-40306300 / 01 Fax: 022-40306347 Email: nitin.chopra@axa-abs.co.in Web: www.bharti.com

NON-LIFE INSURERS

SL. NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
1	Agriculture Insurance Company of India Ltd.	Mr. M. Prashad	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 Goyal	GE Plaza, 1st Floor, Airport Road, Yerawada Pune - 411 006	Tel. No.: 020-56026666, 56026777 Fax: 020-56026667, 56026789 Email: kamesh.goyal@bajajallianz.co.in Web: www.bajajallianz.co.in
3	Cholamandalam MS General Insurance Co. Ltd.	Mr. M. Anandan	5th Floor, "TIAM House", 72, Rajaji Salai, Chennai – 600 001	Tel. No.: 044-52166000 Fax: 044-25357104, 52166001Web: www.cholainsurance.com
4	Export Credit Guarantee Corporation of India Ltd.	Mr. Christy Fernandez	Express Towers, 10th Floor, Nariman Point, Mumbai–400021.	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–400021	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 - 122001 (Haryana)	Tel. No.: 0124-2577911-20 /2577925 Fax: 0124-2577923/924 Email: 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. Somasekharan	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
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

SL. NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
13	The Oriental Insurance Company Limited	Mr. M. Ramadoss	Oriental House A-25/27, Asaf Ali Road New 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, Whites Road Chennai - 600 014	Tel. No.: 044-28520161 Fax: 044-28523402, 28525280 Email: mkgarg@uiic.co.in Web: www.uiic.co.in
15	Star Health and Allied Insurance Company Limited	Mr. V. Jagannathan	No.1, New Tank Street, Valluvarkottam High Road, Nungambakkam, Chennai 600 034	Tel. No.: 044-28260053 Fax: 044-2860062

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 Gate Mumbai – 400 020	Tel. No.: 022-22833046 Fax: 022-22833209, 22841231, 2282233 Email: info@gicofindia.com Web: www.gicindia.com

INSURANCE OMBUDSMAN

SL. NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETAILS
1.	Ahmedabad	Mr. B.C. Bose	2nd Floor, Ambica House, Near C.U. Shah College, 5 Navyug Colony, Ashram Road, Ahmedabad – 380 014	Tel: 079-27546150, 27546139 Fax:079-27546142 E-mail: insombahd@rediffmail.com
2.	Bhopal	Mr. R.P.Dubey	1st Floor, 117 Zone II, Above D.M. Motors Pvt. Ltd., Maharana Pratap Nagar, Bhopal – 462 011	Tel: 0755-2769200, 2769202, Fax:0755-2769203 E-mail: bimalokpalbhopal@airtelbroadband.in
3.	Bhubaneswar	Mr. M.N.Patnaik	62, Forest Park, Bhubaneswar – 751 009	Tel: 0674- 2535220, 2533798 Fax:0674-2531607 Email : ioobbsr@vsnl.net
4.	Chandigarh	Shri R. Beri (Temporary Addl. Charge)	S.C.O. No.101-103, 42nd Floor, Batra Building,Section 17-D, Chandigarh – 160 017	Tel: 0172 - 2706196 / 2705861 Fax: 0172-2708274 E-mail : ombchd@yahoo.co.in
5.	Chennai	Shri K. Sridhar	Fatima Akhtar Court, 4th Floor, 453 (old 312) Anna Salai, Teynampet, Chennai – 600 018	Tel: 044 - 24333678 / 24333668 Fax: 044-24333664 E-mail : insombud@md4.vsnl.net.in
6.	Delhi	Shri R. Beri	2/2 A, 1st FloorUniversal Insurance Bldg.Asaf Ali RoadNew Delhi – 110 002	Tel: 011-23239611, 23237539 Fax: 011-23230858 E-mail : iobdelraj@rediffmail.com
7.	Guwahati	Shri S.K. Kar	Aquarius Bhaskar Nagar R.G. Baruah Rd.Guwahati – 781 021	Tel: 0361-2413525 Fax: 0361-2414051 E-mail : omb_ghy@sify.com
8.	Hyderabad	Shri P.A. Chowdary	Flat No.101, D.No. 6-2-46 'Moin Court', Lane Opp. Saleem Function Palace, A.C. Guards, Lakdi-ka-pul, Hyderabad – 500 004	Tel: 040-65574325, 65504122 Fax:040-23376599 E-mail: hyd2_insombud@sancharnet.in
9.	Kochi	Smt. P.N. Santhakumari	2nd Flr., CC 27/ 2603, Pulinat Building, Opp. Cochin Shipyard, M.G. Road, ERNAKULAM - 682 015	Tel: 0484-2358734, 2359338 Fax:0484-2359336 E-mail: ombudsmankochi@yahoo.co.in
10.	Kolkata	Shri B.C. Bose (Temporary Addl. Charge)	North British Building, 29, N.S.Road, 3rd Floor, Calcutta – 700 001	Tel: 033-22134869, 22134867 Fax: 033-22134868 E-mail : iombkol@vsnl.net
11.	Lucknow	Mr. K. S. K. Khare	Jeevan BhawanPhase-2, 6th FloorNawal Kishore Road Hazratganj, Lucknow – 226 001	Tel: 0522-2201188, 2231330 Fax:0522-2231310 E-mail: ioblko@sancharnet.in
12.	Mumbai	Mr. B.D. Banerjee	3rd Floor, Jeevan Seva Annexe, Above MTNL,S.V. Road, Santacruz (W),Mumbai-400054	Tel: 022-26106928, 26106360 Fax: 022-26106052 Email: ombudsman@vsnl.net

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