



Ref: 519/F&A/Ind AS/2016-17

15 March 2017

### Exposure Draft

#### Exposure Draft of Insurance Regulatory and Development Authority of India (Preparation of Financial Statements of Insurers) Regulations, 2017

Sections 10 and 11 of the Insurance Act, 1938 were amended vide the Insurance Laws (Amendment) Act, 2015. These amendments have necessitated changes to the IRDA (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002.

2. Further as per notification dated 30<sup>th</sup> March 2016 issued by the Ministry of Corporate Affairs, the roadmap for implementation of Ind AS for the insurance sector has been laid down. The insurers/insurance companies are required to prepare Ind AS compliant financial statements for accounting periods beginning from April 1, 2018 with previous year comparatives.

3. In order to address the implementation issues, the Authority had constituted the Implementation Group on Ind-AS in Insurance Sector in India. The group has submitted its report on 30<sup>th</sup> December 2016. Based upon the report of the group, the Authority proposes to replace the existing the IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 with IRDAI (Preparation of Financial Statements of Insurers) Regulations, 2017 (the Regulations) which shall be effective from 1<sup>st</sup> April 2018, the draft of which is attached herewith.

4. The Regulations includes the following:

(i) Schedule A (for Life Insurance business); and Schedule B (for General Insurance business, including health and reinsurance), comprising of

Part I: General Instructions for Preparation of Financial Statements.



Part II: Accounting Principles for Preparation of Financial Statements.

Part III: Balance Sheet including Statement of Changes in Equity.

(Statement of Changes in Equity is an extension of the balance sheet and gives detailed information with regard to the share capital, reserves etc. It is included as a part of the balance sheet.)

Part IV: Statement of Profit and Loss, Revenue (Policyholders) and Profit and Loss (Shareholders) Accounts.

Part V: Other Disclosures

(ii) Segments which need to be reported by the insurers. In addition, insurers shall also provide operating segment information as per Ind AS: 108, Operating Segments, wherever applicable.

(iii) Considering the distinct nature of insurance business, as against the requirements of Ind AS 40: Investment Property, the regulations requires life companies to revalue investment property at a minimum every three years.

(iv) The figures in the financial statements are to be rounded off to the nearest Rupees in lakhs;

(v) All other disclosures are to be made in compliance to Ind AS and regulatory stipulations.

5. Stakeholders are requested to offer their comments / suggestions on the draft regulations by 31<sup>st</sup> March, 2017 in the format attached. Comments / suggestions may be e-mailed to Mr. R K Sharma, GM at rksharma@irda.gov.in and Mrs. B Padmaja, DGM at padmaja@irda.gov.in with a copy to the undersigned at mamta@irda.gov.in.



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HOD-F&A

