Part- B

FCR Tables

Name of the insurer	
Table 1	Revenue Account

Reporting year	FYE 31-Mar-X

Particulars	FYE 31-Mar-X	FYE 31-Mar- X-1	FYE 31- Mar-X-2
Gross Direct Premium income			
Add:- Reinsurance premium accepted			
Gross Written Premium			
Less:- Change in Gross UPR/URR			
Gross Earned Premium			
Gross Written Premium			
Less:- Reinsurance Premium ceded			
Net Written Premium			
Less:- Change in UPR/URR (as the case may be)			
Net Earned Premium			
Gross Claim paid (on direct business)			
Less:- Reinsurance Claims ceded			
Add:-Reinsurance Claim accepted			
Net Claims Paid			
Add:-Change in net claims outstanding			
Add:- Change in Net IBNR (including IBNER)			
Net Claims incurred			
Gross Commission Paid (on Direct Business)			
Less:- Reinsurance Inward Commission*			

Particulars	FYE 31-Mar-X	FYE 31-Mar- X-1	FYE 31- Mar-X-2
Add:- Reinsurance outward commission			
Net Commission Paid			
Operating Expenses			
Underwriting Profit / (Loss)			
Income from investment on Policyholders' Funds			
Insurance Profit / (Loss)			
Income from investments on Shareholders' Funds			
Profit / (Loss)			

* Includes Profit commission

Signature of the Appointed Actuary

Name:

Signature of Mentor Actuary

Name:

Signature of the Principal officer

Name:

Table 2	**Balance Sheet**		
Name of the insurer			
Reporting year	FYE 31-Mar-X		
Particulars	**FYE 31-Mar-X**	**FYE 31-Mar- X-1**	**FYE 31- Mar-X-2**
Sources of Fund			
Share Capital			
Share Application Money Pending Allotment			
Reserves And Surplus**			
Fair Value Change Account			
Deferred Tax Liability			
Borrowings			
Total			
Application of Funds			
Investments			
Loans			
Fixed Assets			
Deferred Tax Assets			
Current Assets			
Cash and Bank Balances			
Advances and other Assets			
Sub-total (A)			
Current Liabilities			
Provisions			
Other Investments			
Sub-Total (B)			
Net Current Assets (c) = (A-B)			
Total (A+B)			

** Reserves and Surplus amount is net of Miscellaneous Expenditure (to the extent not written off or adjusted) and Debit balance in Profit and Loss Account.

Signature of the Appointed Actuary **Signature of Mentor Actuary** **Signature of the Principal officer**

Name: **Name:** **Name:**

Table 3	**Ratios**

Name of the insurer	
Reporting year FYE 31-Mar-X	**LOB**

Key Ratios	**FYE 31-Mar-X**			**FYE 31-Mar- X-1**			**FYE 31-Mar- X-2**		
	Actual (A)	**Expected (E)**	**A/E**	**Actual (A)**	**Expected (E)**	**A/E**	**Actual (A)**	**Expected (E)**	**A/E**
Net Incurred Loss ratio									
Net commission Ratio									
Retention Ratio									
Expense Ratio									
Combined Ratio									

Signature of the Appointed Actuary

Name:

Signature of Mentor Actuary

Name:

Signature of the Principal officer

Name:

Table 4a	Reinsurance Treaty
Name of the insurer	
Reporting year	FYE 31-Mar-X

S.No.	Name of Reinsurance Treaty	Name of the reinsurer	Type of Treaty	Rating of the reinsurer		
				Agency 1 (specify)	Agency 2 (Specify)	Agency 3 (Specify)

Table 4b	Reinsurance Cashflow
Name of the insurer	
Reporting year	FYE 31-Mar-X

LOB	Reinsurance premium paid	Any other payment paid to reinsurer, please specify	Reinsurance claim recoveries as at 31st March		Commission received from reinsurer	Any other payment received from reinsurer, please specify	Balance
	(1)	(2)	Received (3)	Outstanding (4)	(5)	(6)	(7) = (3+4+5+6-1-2)

Signature of the Appointed Actuary

Name:

Signature of Mentor Actuary

Name:

Signature of the Principal officer

Name:

Table 5	**Reserve Adequacy**

Name of the insurer		
Reporting year	FYE 31st March –X	**LOB**

	Accident year Cohort										
Particulars	**FYE 31-Mar X-10**	**FYE 31-Mar X-9**	**FYE 31-Mar X-8**	**FYE 31-Mar X-7**	**FYE 31-Mar X-6**	**FYE 31-Mar X-5**	**FYE 31-Mar X-4**	**FYE 31-Mar X-3**	**FYE 31-Mar X-2**	**FYE 31-Mar X-1**	**FYE 31-Mar X**
Ultimate Net Loss Cost - Original estimate											
Net Claims Provisions*											
Cumulative Payment as of											
one year later											
two year later											
three year later											
four year later											
five year later											
six year later											
seven year later											
eight year later											
nine year later											
ten year later											
Ultimate Net Loss Cost - Re-estimated											
one year later											
two year later											
three year later											
four year later											
five year later											
six year later											
seven year later											

eight year later											
nine year later											
ten year later											

Favourable / (unfavourable) development											

* Claims Provision is including of outstanding claims, IBNR / IBNER & ALAE

Signature of the Appointed Actuary

Name:

Signature of Mentor Actuary

Name:

Signature of the Principal officer

Name:

Table 6	**Grievances**

Name of the insurer	
Reporting year	FYE 31st March -X

Particulars	**Complaints**							
	O/S at Start of FY ending 31- March-X	**Received during FY ending 31-March-X**	**Resolved during FY ending 31-March-X**	**Pending at the end of FY ending 31-March-X**	**O/S at Start of FY ending 31-March-X-1**	**Received during FY ending 31-March-X-1**	**Resolved during FY ending 31-March-X-1**	**Pending at the end of FY ending 31-March-X-1**
Proposal Related								
Cover Note Related								
Policy Related								
Premium								
Coverage								
Claim								
Refund								
Product								
Distance Marketing								
Others								
Total								

Particulars	Complaints									
	O/S at Start of FY ending 31-March-X	Received during FY ending 31-March-X	Resolved by Claims Settlement during FY ending 31-March-X	Claims Repudiated during FY ending 31-March-X	Pending at the end of FY ending 31-March-X	O/S at Start of FY ending 31-March-X-1	Received during FY ending 31-March-X-1	Resolved by Claims Settlement during FY ending 31-March-X-1	Claims Repudiated during FY ending 31-March-X-1	Pending at the end of FY ending 31-March-X-1
Claim										

Number of Complaints					
O/S at the Beginning	**Settled**				**Pending**
	Within One Month	**1-6 Months**	**6-12 Months**	**More than 1Year**	

Signature of the Appointed Actuary
Name:

Signature of Mentor Actuary
Name:

Signature of the Principal officer
Name:

Table 7	**Business Projection**

Name of the insurer		
Reporting year	FYE 31st March –X	**LOB**

Topic/area	**Financial year ending 31-Mar-X+1**	**Financial year ending 31-Mar-X**		
	Expected (E)	**Actual (A)**	**Expected (E)**	**A/E**
Number of policies				
Gross Written Premium- Direct business				
Business Mix as a % of Total GWP				
Written premium – Accepted business (Reinsurance & Co-insurance)				
Gross earned premium				
Net Earned Premium				
Expenses				
Gross Incurred claims amount				
Net incurred claim amount				
Gross claims paid amount				
Net Claims paid amount				
Income/loss from investment				

Signature of the Appointed Actuary

Name:

Signature of Mentor Actuary

Name:

Signature of the Principal officer

Name:

CY **Current Year** **PY** **Previous Year**

Table 8	**Analysis of Major LOB**

Name of the insurer	
Reporting year	FYE 31st March -X

	LOB	**FIRE**		**Marine**		**…**		**…**	
		Amount	**% Change YoY**	**Amount**	**% Change YoY**	**Amount**	**% Change YoY**	**Amount**	**% Change YoY**
Gross Written Premium	CY								
	PY								
Reinsurance Premium Accepted	CY								
	PY								
Reinsurance Premium Ceded	CY								
	PY								
Net Written Premium	CY								
	PY								
Total number of policies	CY								
	PY								
Average S.I per policy	CY								
	PY								
Average Gross premium per Policy	CY								
	PY								
Average Net Premium per policy	CY								
	PY								

Signature of the Appointed Actuary **Signature of Mentor Actuary** **Signature of the Principal officer**

Name: **Name:** **Name:**

Table 9	**Premium Adequacy**

Name of the insurer	
Reporting year	FYE 31st March -X

LOB	**Adequacy of Premium**			
	Net earned premium as at 31st March X (as per financials)	**Net Incurred Claims (including claims related expenses) as at 31st March X (as per financials)**	**Expenses other than claim related expenses as at 31st March X (as per financials)**	**Balance (1)-(2)-(3)**
	(1)	(2)	(3)	
Fire				
Marine				
Health				
All material LOBs				
Total				

Signature of the Appointed Actuary

Name:

Signature of Mentor Actuary

Name:

Signature of the Principal officer

Name:

Table 10	**Claims- UPR - URR**

Name of the insurer	
Reporting year	FYE 31st March -X

LOB	Number of claims incurred			Number of exposure			Net incurred Claim amount			Average frequency of Claims			Average severity of Claims			URR			UPR			PDR		
	FYE 31- Mar X	FYE 31- Mar X-1	FYE 31- Mar - X-2	FYE 31- Mar X	FYE 31- Mar X-1	FYE 31- Mar - X-2	FYE 31- Mar X	FYE 31- Mar X-1	FYE 31- Mar - X-2	FYE 31- Mar X	FYE 31- Mar X-1	FYE 31- Mar - X-2	FYE 31- Mar X	FYE 31- Mar X-1	FYE 31- Mar - X-2	FYE 31- Mar X	FYE 31- Mar X-1	FYE 31- Mar - X-2	FYE 31- Mar X	FYE 31- Mar X-1	FYE 31- Mar - X-2	FYE 31- Mar X	FYE 31- Mar X-1	FYE 31- Mar - X-2
All material LOBs																								

Signature of the Appointed Actuary

Name:

Signature of Mentor Actuary

Name:

Signature of the Principal officer

Name:

Table 11	**Expense Allocation**

Name of the insurer	
Reporting year	FYE 31st March -X

LOB	**Expense Ratio**									
	Financial year ending 31-Mar-X			**Financial year ending 31-Mar-X-1**			**Financial year ending 31-Mar-X-2**			**Financial year ending 31-Mar-X+1**
	Actual (A)	**Expected (E)**	**A/E**	**Actual (A)**	**Expected (E)**	**A/E**	**Actual (A)**	**Expected (E)**	**A/E**	**Expected**
All material LOBs										
Total										

Signature of the Appointed Actuary

Name:

Signature of Mentor Actuary

Name:

Signature of the Principal officer

Name:

Table 12	**Business Profitability**

Name of the insurer	
Reporting year	FYE 31st March -X

Line of Business	**Earned Premium**		**Incurred Claims**		**Operating Expenses**	**Commission**		**Premium Deficiency Reserve**	**U/W profit**
	Gross	**Net**	**Gross**	**Net**		**Gross**	**Net**		
Fire									
Marine									
Health									
Motor TP									
Motor - Other than TP									
Other major LOB1									
Other Major LOB 2									
Total									

Signature of the Appointed Actuary

Name:

Signature of Mentor Actuary

Name:

Signature of the Principal officer

Name:

Table 13	**Renewal Analysis**

Name of the insurer	
Reporting year	FYE 31st March -X

LOB	**FYE 31- Mar - X**			**FYE 31- Mar X-1**			**FYE 31-Mar X-2**		
	No. of policies due for renewals (1)	**No. of policies renewed (2)**	**Renewal rate (3) = (2/1)**	**No. of policies due for renewals (4)**	**No. of policies renewed (5)**	**Renewal rate (6) = (5/4)**	**No. of policies due for renewals (7)**	**No. of policies renewed (8)**	**Renewal rate (9) = (8/7)**

Signature of the Appointed Actuary

Name:

Signature of Mentor Actuary

Name:

Signature of the Principal officer

Name:

Table 14	**Investments and ALM**

Name of the insurer	
Reporting year	FYE 31st March -X

	Macaulay Duration	**Current Market Value**	**Any Appreciation/ (Depreciation) in the value from past financial year ending 31-March-X-1**
Assets:			
Fire			
Marine			
Health			
…			
…			
Total			
Liabilities:			
Fire			
Marine			
Health			
…			
…			
Total			

Signature of the Appointed Actuary

Name:

Signature of Mentor Actuary

Name:

Signature of the Principal officer

Name:

Table 15	**Future Financial Condition**

Name of the insurer	
Reporting year	FYE 31st March -X

Financial Year	FY X, FY X+1, FY X+2

Financial Year	**FY ending 31-March-X+1**	**FY ending 31-March-X+2**	**FY ending 31-March-X+3**
Projected ASM			
Projected RSM			
Projected Solvency Ratios			
Expected future new business			
Capital Requirement			

Signature of the Appointed Actuary

Name:

Signature of Mentor Actuary

Name:

Signature of the Principal officer

Name:

Table 16	**Solvency Stress testing**

Name of the insurer	
Reporting year	FYE 31st March -X

Financial Year	**FYE 31- March - X+1**	**FYE 31- March - X + 2**	**FYE 31 - March - X +3**
Projected ASM			
Projected RSM			
Projected Solvency Ratios			
Expected future new business			
Additional Capital Requirement (if any)			

Financial year	**Scenario 1**			**Scenario 2**		
	FYE 31- Mar -X+1	**FYE 31- Mar -X+2**	**FYE 31- Mar -X+3**	**FYE 31- Mar -X+1**	**FYE 31- Mar -X+2**	**FYE 31- Mar -X+3**
Projected ASM						
Projected RSM						
Projected Solvency Ratio						

Signature of the Appointed Actuary

Name:

Signature of Mentor Actuary

Name:

Signature of the Principal officer

Name:

Table 17	**Risk Management**

Name of the insurer	
Reporting year	FYE 31st March -X

Key Risk* / Scenario*		**Value of Assets**	**Value of Liabilities**	**ASM**	**RSM**	**SM**
Key Risk 1	Base Scenario					
	Pessimistic Scenario 1					
	Pessimistic Scenario 2					
Key Risk 2	Base Scenario					
	Pessimistic Scenario 1					
	Pessimistic Scenario 2					
Key Risk 3	Base Scenario					
	Pessimistic Scenario 1					
	Pessimistic Scenario 2					
…	Base Scenario					
	Pessimistic Scenario 1					
	Pessimistic Scenario 2					

* As per the understanding and deemed appropriate by the Appointed Actuary along with the prescribed scenarios under Subsection 7.6 of this Annexure.

Signature of the Appointed Actuary

Name:

Signature of Mentor Actuary

Name:

Signature of the Principal officer

Name:

Annexure Actl-15A

Actuary Report for General Reinsurance business as stipulated under the section 13 of the Act.

(See clause 1(2)(ii) of Part V(B) of Schedule – I of these Regulations)

Note 1: For the purposes of this Report, the term "insurer" refers to the Foreign Reinsurer's Branch (FRB) as defined in Regulation 3(4) of Chapter-I of Insurance Regulatory and Development Authority of India (Registration and Operations of Foreign Reinsurers Branches and Lloyd's India) Regulations, 2024.

Note 2: The Financial Condition Report (FCR) shall be submitted annually in the following format. In addition, the insurer shall submit the FCR tables as per Part-B of this Annexure.

Part A

1. The Objectives:

(i) The objective of Financial Condition Report ("FCR") is to investigate the financial condition of the general reinsurance business carried on by the FRB as on the date of valuation and to report the strengths and weaknesses in terms of the risk the insurers carry with respect to meeting solvency requirements, profitability, liquidity, management expenses, investment return, insurer's future position, other risks specific to the business etc.

(ii) This report shall specifically address:

(a) The sensitivity of the future solvency position to potential changes in the economic environment, claims experience, pricing strategy and other relevant factors, if any

(b) Building of early warning signals to assess the financial condition

(c) Comprehensive view on the financial condition of the FRB.

2. General instructions:

(i) The Certifying Actuary of General reinsurance business shall analyze and comment on each LOB and treaty that are considered material from the perspective of financial condition of the FRB under this section, providing clear and explicit definition of materiality in the report.

(ii) The Certifying Actuary, if deemed necessary, shall produce any other data or table that he or she believes aids in the analysis and (or) presentation of financial condition of the FRB.

(iii) The Certifying Actuary shall ensure the following:

(a) The format and tables stipulated in this document shall be adhered to without any alteration. The fields which are not relevant shall not be left blank, but shall state "Not Applicable" or "NA".

(b) The numbers provided in the FCR shall be:
(1) reconciled with the financial statements of accounts and IBNR Claims Reserve Report, wherever applicable
(2) in units of thousands
(3) with outgo entries shown in brackets ( )

(iv) The Certifying Actuary shall provide detailed analysis along with the actions proposed, if any, on each section of the FCR.

Section 1: Executive summary

1.1 The executive summary shall be prepared keeping in view that the audience of the report is Executive Committee of FRB and the Regulator. The essence of the whole report shall be succinctly captured in this section summarizing the financial condition of the insurer.

1.2 The Certifying Actuary shall also include specific comments on the adequacy of reserving (i.e. IBNR Claims, Outstanding Claims Reserve, Unearned Premium Reserve, Premium Deficiency Reserve, etc.).

Section 2: Financial Analysis & Future Projection

2.1 An entity (FRB) level analysis of the current financial position and the context for the subsequent sections of the report shall be presented.

2.2 The following aspects shall be covered:

(a) Performance in the financial year
(b) Financial analysis and comparison with what was budgeted - Income statement, Balance sheet and key ratios to be analyzed and actual versus expected analysis to be performed
(c) Future projections (based on Management inputs)
(d) Major events that had taken place during the year relevant to the operations of the insurer
(e) Financial highlights from the latest published financial statements of the parent companies including solvency position

2.3 Format for tables to be appended with the report shall be as per Part B of this Annexure.

Section 3: Entity (FRB) Level Business Analysis

Analysis of material LOBs and treaties, Geography, Retail or Commercial lines of business or in any other manner deemed appropriate by the Certifying Actuary shall be provided highlighting the key issues.

Analysis shall pertain to:

3.1 Profitability including an analysis on trends in Net Incurred Claim Ratio, Expense ratio, Commission ratio, Combined ratio etc.

3.2 Retrocession structure including retention ratio: Comments on retrocession arrangement for the next year (based on the proposed retrocession policy). The Certifying Actuary's views on changes in the proposed policy compared to previous year. Along with three-year analysis of retroceded business.

3.3 Disputes: The Certifying Actuary's comments on disputed claims and steps to be taken in this connection shall be emphasized.

3.4 Sufficiency and quality of data: The Certifying Actuary's comments on the sufficiency and quality of the data used in the calculation of IBNR claims reserves and other reserves (including IBNER claims and PDR).

3.5 Data deficiency reserve: The Certifying Actuary's comments on data deficiencies observed and reserves provided for the deficiencies, if any.

3.6 Consistency: The Certifying Actuary's comments on consistency between pricing policy, underwriting policy and reserving policy of the insurer.

3.7 Appropriateness of methodologies: The Certifying Actuary's comments on the appropriateness of the methodologies and underlying models used, as well as the assumptions made in the calculation of reserves.

3.8 Reliability and adequacy of calculation of reserves: The Certifying Actuary's comments on the reliability and adequacy of the calculation of IBNR claims reserves and other reserves.

Section 4: Analysis of material lines of business (LOB)

4.1 Apart from material LOBs and treaties, the Certifying Actuary shall comment on the foreign operations of the FRB also, if material.

4.2 The following points shall be included in the analysis pertaining to this section for each material LOB for at least three years: (both past and future as applicable)

(a) Growth over the years
(b) Future projection
(c) Business Mix
(d) Loss ratio trends
(e) Premium adequacy
(f) Retrocession policy
(g) Reserving adequacy
(h) Profitability
(i) Impact of the LOB on to the financial condition of the FRB

Format for the tables to be appended with the report shall be as per Part B of this Annexure.

Section 5 Current & Future Solvency

5.1 This is a critical chapter wherein the Certifying Actuary shall discuss the current and future solvency positions of the FRB.

5.2 The Certifying Actuary shall perform stress and scenario testing (which he or she deems appropriate from the FRB's point of view) to analyze the possible movement of solvency ratio at various levels of confidence.

5.3 The scenario testing and stress testing shall be performed on the business projections given earlier.

5.4 This section shall also include the common stress tests as prescribed by the Authority to all insurers under subsection 6.5 of this Annexure.

5.5 Format to represent the results of stress and scenario tests shall be as per Part B of this Annexure. Stresses and Scenarios considered shall be explicitly mentioned in the report.

5.6 The Certifying Actuary shall define explicitly the base, the optimistic and the pessimistic scenarios assumed in arriving at the projections and provide point-wise discussion on the following:

(a) sensitivity of the business to the key risk exposures
(b) methods and assumptions used to assess the sensitivities
(c) sensitivity of the risks that have a significant impact on the solvency of the insurer.

Section 6: Risk Management

6.1 In this section, the Certifying Actuary shall focus on identification of potential risks faced by the FRB both on a gross and net basis in a comprehensive manner along with mitigation and impact on the FRB.

6.2 The overall characterization shall include the various key risk accumulations, as per the Certifying Actuary's opinion. The Certifying Actuary shall opine on the overall risk characteristics of the insurer and the risk appetite.

6.3 The Certifying Actuary shall discuss the following point-wise

(a) The lines of business and treaties that are considered material
(b) The material reserves arising from lines in run-off (if any)
(c) Key Risks
(d) Risk Concentration: Region wise, treaty wise, line of business wise, any other factor deemed material by the Certifying Actuary, etc.
(e) Key trends or factors that have or may have a significant impact on the financial condition of the FRB
(f) The impact arising out of the FRB's operational practices, response to market competition, reserving practices, catastrophes, business volume, etc.

6.4 Risk management and mitigation

The Certifying Actuary shall evaluate the capacity of the FRB to handle the underlying risk.

(a) An overview of the risk management functions with special focus on the chain of command employed in accepting and managing risks.

(b) Steps taken to understand the quantity of risk and risk appetite.

(c) The risk return trade-off guiding the FRB's underwriting and investing operations including the overarching characteristics of the implemented protection structure including retrocession contracts.

(d) Risk monitoring procedures, review process and feedback loop.

(e) Contingency plans for emerging risks and the development of latent claims (if any).

(f) Development of necessary structural changes in pricing and reserving methodologies as a function of the risk performance of the FRB.

6.5 Sensitivity (Refer to subsection 5.4 of this Annexure)

At the enterprise level, the Certifying Actuary shall perform sensitivity analysis based on the following parameters in addition to the insurer's specific analyses as referred under Section 5 and present the result in the format provided in Part – B of this Annexure.

(a) Stress 1: Increase of new business by 20% (multiplicative) compared to the base scenario.
(b) Stress 2: Increase of Ultimate Loss Ratio by 20% (multiplicative) compared to the base scenario.

Section 7: Retrocession

In this chapter the Certifying Actuary shall discuss the following:

7.1 Retrocession program of the FRB in the previous year and its adequacy.
7.2 Retrocession program for the forthcoming year.
7.3 Changes with respect to previous year's program to be highlighted.
7.4 The Certifying Actuary, if deemed necessary, shall include a table along with details and analysis of treaties.
7.5 The Certifying Actuary's recommendations.

Section 8: Comments of the Executive Committee of FRB and Action taken Report

The FRB shall provide the following:

8.1 The date and place of meeting where the report was presented
8.2 Whether formally presented or tabled or sent by circulation
8.3 Comments of the Executive Committee and proposed course of action, if any on the any part of the FCR or issues raised by the Certifying Actuary
8.4 If the presentation happens after the submission deadline, then the Executive Committee's comments may be sent separately to the Authority

Section 9(a): Certifications

The Certifying Actuary Certification:

"I, (name of the Actuary), the Certifying Actuary of (name of FRB), hereby certify,

(a) that I have complied with the provisions of the Insurance Act, 1938, Regulations, Rules, Circulars, Guidelines and Directions of the IRDAI;

(b) that I have taken into account all contingencies appropriate to the business that is valued and that the assumptions employed in the valuation are appropriate;

(c) that the reserves for technical liabilities have been based on accurate data and have been calculated and reported accurately, subject to the following qualifications (list the qualifications, if any);

(d) that I have calculated the Required Solvency Margin accurately; and

(e) that the reserves for technical liabilities along with the Required Solvency Margin make good and sufficient provision for all the unmatured obligations under the terms of the policies on the books of the insurer.

(f) that this Financial Condition Report depicts the true underlying financial position of the insurer as on the Financial Year ending dd/mm/yyyy

Name of FRB:

Name of the Certifying Actuary:

Signature of the Certifying Actuary:

CEO Certification:

I certify that full and accurate data has been furnished to the Certifying Actuary (name) for the preparation of this Financial Condition Report as on the 31st day of March of …… (date of investigation).

Name of FRB:
Name of the CEO:
Signature of the CEO:

Place:
Date:

Counter signed by the CEO:

Place:
Date:
FRB's Seal:

Counter signed by the CFO

Place:
Date:

GLOSSARY

1. **Average Gross premium:** The ratio of Gross premium *to* number of exposures
2. **Average net premium:** The ratio of Net premium to Number of exposures
3. **Average Sum insured:** The ratio of Total sum insured to Number of exposures
4. **Allocated loss adjustment expenses:** Correspond to those costs that the insurer is able to assign to a particular claim.
5. **Combined ratio:** Net commission ratio + expense ratio + Net incurred claim ratio
6. **Claim Frequency:** Number of incurred claims / Number of exposures
7. **Claim Severity:** Gross (net) Incurred claim amount / Number of Incurred claims
8. **Closed claim without claim payment (number):** Includes all the claims that are closed without claim payment.
9. **Closed claim without claim payment (amount) :** includes claim amount of all the claims closed without claim payment exclusive of allocated loss adjusted expenses and these expenses should be included in the claims closed with payment (amount).
10. **Closed claim with claim payment (number):** Includes all the claims that are closed with claim payment.
11. **Closed claim with claim payment (amount):** includes claim amount of all the claims closed with payment inclusive **of allocated loss adjusted expenses of both claims closed with & without payment.**
12. **Expense Ratio:** The ratio of Operating expenses to Gross written premium
13. **Exposures:** An **exposure** is the basic unit of risk that underlies the insurance premium
14. **Earned Exposure Year:** Exposure per unit of year of risk coverage.
15. **Insurance profit:** Underwriting profit + Investment income on insurance funds
16. **Gross Earned Premium (GEP):** Premium from direct business written + Premium on reinsurance accepted +/-Adjustment for change in reserve for unexpired risk
17. **Gross Direct premium:** Premium received from direct business written (including coinsurance premiums)
18. **Gross written premium:** Premium from direct business written + Premium on reinsurance accepted
19. **Gross claims paid:** Claim amount paid on direct business written + Claim amount paid on reinsurance accepted business
20. **Gross Incurred claim:** Claim amount paid (gross) + Claims outstanding (Inclusive of IBNR) amount at the end of the Financial Year (gross) - Claims outstanding (Inclusive of IBNR) amount at the beginning of the Financial Year (gross)
21. **Gross Incurred Loss Ratio:** The ratio of Gross incurred claim to Gross earned premium
22. **Gross claims Paid Loss Ratio:** The ratio of Gross claims paid to Gross earned premium
23. **Gross commission:** Commission paid on direct written business + Commission paid on reinsurance accepted business.
24. **Net Earned Premium (NEP):** Premium from direct business written + Premium on reinsurance accepted - Premium on reinsurance ceded +/- Adjustment for change in reserve for unexpired risk
25. **Net premium:** Premium from direct business written + Premium on reinsurance accepted - Premium on reinsurance ceded
26. **Net claims paid:** Claim amount paid on direct business written + Claim amount paid on reinsurance accepted business -Claim amount received from ceded business
27. **Net Incurred claim:** Claim amount paid (net) + Claims outstanding (Inclusive of IBNR) amount at the end of the Financial Year (net) - Claims outstanding (Inclusive of IBNR) amount at the beginning of the Financial Year (net)
28. **Net Commission:** Commission paid with respect to direct business + Commission paid with respect to Reinsurance accepted - Commission received with respect to Reinsurance ceded **(Definition as per annual report)**
29. **Net Incurred Loss Ratio:** The ratio of Net Incurred claim to Net earned premium
30. **Net claims paid loss ratio:** The ratio of Net claims paid *to* Net earned premium
31. **Net Commission ratio:** The ratio of Net commission to Net Premium
32. **Number of Incurred claims:** Number of settled claims (i.e. claims are closed with / without payment) + open claims
33. **Operating expenses:** As per Schedule 4 of the Financials
34. **Income from investments:** As per Revenue account of the Annual Report

35. **Premium deficiency reserve:** Premium deficiency shall be recognized if the sum of expected claim costs, related expenses and maintenance costs exceeds related reserve for unearned premium reserve.
36. **Retention ratio:** The ratio of Net Written Premium of Gross Written Premium
37. **Reporting Delay:** It is time from when the event occurs through to the time that the insurer is notified of the event.
38. **Salvage and subrogation:** Salvage represents consideration received by the insurer for damaged property taken over by such insurer in an insurance claim. Subrogation refers to an insurer's right to recover the amount of claim payment to a covered insured from a third-party responsible for the injury or damage.
39. **Settlement Delay:** It is the time period between notification to the insurer and the payment of the claim.
40. **Tail length:** Estimated time taken for settlement of claim from the date of loss occurrence
41. **Underwriting profit:** Net earned premium - Net incurred claims+/-Net Commission-Operating expenses -Premium Deficiency Reserve
42. **Unallocated loss adjustment expenses:** are the claim related expenses but cannot be allocated to a specific claim. Examples of ULAE include salaries, rent, and computer expenses for the claims department of an insurer.
43. **Unearned Premium Reserve (UPR)** is as defined in IRDAI (Actuarial, Finance and Investment Functions of Insurers), Regulations 2024.
44. **Unexpired Risk Reserve (URR):** The reserves in respect of the liabilities for unexpired risks and determined as the aggregate of Unearned Premium Reserve and Premium Deficiency Reserve.

Note: Please note that the claims paid and reserves are inclusive of allocated loss adjustment expenses

Part- B

FCR Tables

Name of the Foreign Reinsurer's Branch (FRB)	
Table 1	**Revenue Account**
Reporting year	FYE 31-Mar-X

Particulars	FYE 31-Mar-X	FYE 31-Mar- X-1	FYE 31- Mar-X-2
Gross Direct Premium income			
Add:- Reinsurance premium accepted			
Gross Written Premium			
Less:- Change in Gross UPR/URR			
Gross Earned Premium			
Gross Written Premium			
Less:- Reinsurance Premium ceded			
Net Written Premium			
Less:- Change in UPR/URR (as the case may be)			
Net Earned Premium			
Gross Claim paid (on direct business)			
Less:- Reinsurance Claims ceded			
Add:-Reinsurance Claim accepted			
Net Claims Paid			
Add:-Change in net claims outstanding			
Add:- Change in Net IBNR (including IBNER)			
Net Claims incurred			
Add:- Commission paid on Reinsurance Accepted			
Less:- Commission received on Reinsurance ceded			
Net Commission Paid			

Particulars	FYE 31-Mar-X	FYE 31-Mar- X-1	FYE 31- Mar-X-2
Operating Expenses			
Underwriting Profit / (Loss)			
Income from investment on Policyholders' Funds			
Insurance Profit / (Loss)			
Income from investments on Shareholders' Funds			
Profit / (Loss)			

Notes:

'Commission' referred shall include Profit commission also, if any.

Signature of the Certifying Actuary

Name:

Signature of the Principal Officer

Name:

Table 2	**Balance Sheet**		
Name of the Foreign Reinsurer's Branch (FRB)			
Reporting year	FYE 31-Mar-X		
Particulars	**FYE 31-Mar-X**	**FYE 31-Mar- X-1**	**FYE 31- Mar-X-2**
Sources of Fund			
Head Office Account			
Reserves And Surplus**			
Fair Value Change Account			
Deferred Tax Liability			
Borrowings			
Total			
Application of Funds			
Investments			
Loans			
Fixed Assets			
Deferred Tax Assets			
Current Assets			
Cash and Bank Balances			
Advances and other Assets			
Sub-total (A)			
Current Liabilities			
Provisions			
Other Investments			
Sub-Total (B)			
Net Current Assets (c) = (A-B)			
Total (A+B)			

** Reserves and Surplus amount is net of Miscellaneous Expenditure (to the extent not written off or adjusted) and Debit balance in Profit and Loss Account.

Signature of the Certifying Actuary
Name:

Signature of the Principal Officer
Name:

Table 3	**Ratios**

Name of the Foreign Reinsurer's Branch (FRB)	
Reporting year FYE 31-Mar-X	**LOB**

Key Ratios	**FYE 31-Mar-X**			**FYE 31-Mar- X-1**			**FYE 31-Mar- X-2**		
	Actual (A)	**Expected (E)**	**A/E**	**Actual (A)**	**Expected (E)**	**A/E**	**Actual (A)**	**Expected (E)**	**A/E**
Net Incurred Loss ratio									
Net commission Ratio									
Retention Ratio									
Expense Ratio									
Combined Ratio									

Signature of the Certifying Actuary

Name:

Signature of the Principal Officer

Name:

Table 4a	Retrocession Treaty
Name of the Foreign Reinsurer's Branch (FRB)	
Reporting year	FYE 31-Mar-X

S.No.	Name of Retrocession Treaty	Name of the Retrocessionaire	Type of Treaty	Rating of the Retrocessionaire		
				Agency 1 (specify)	Agency 2 (Specify)	Agency 3 (Specify)

Table 4b	Retrocession Cashflow
Name of the Foreign Reinsurer's Branch (FRB)	
Reporting year	FYE 31-Mar-X

LOB	Retrocession premium paid	Any other payment paid to retrocessionaire, please specify	Retrocession claim recoveries as at 31st March		Commission received from Retrocessionaire	Any other payment received from Retrocessionaire, please specify	Balance
	(1)	(2)	Received (3)	Outstanding (4)	(5)	(6)	(7) = (3+4+5+6-1-2)

Signature of the Certifying Actuary

Name:

Signature of the Principal Officer

Name:

Table 5	**Business Projection**

Name of the Foreign Reinsurer's Branch (FRB)	
Reporting year	FYE 31st March –X
LOB	

Topic/area	**Financial year ending 31-Mar-X+1**	**Financial year ending 31-Mar-X**		
	Expected (E)	**Actual (A)**	**Expected (E)**	**A/E**
Gross Written Premium				
Business Mix as a % of Total GWP				
Net Written premium				
Gross earned premium				
Net Earned Premium				
Expenses				
Gross Incurred claims amount				
Net incurred claim amount				
Gross claims paid amount				
Net Claims paid amount				
Income/loss from investment				

Signature of the Certifying Actuary

Name:

Signature of the Principal Officer

Name:

Table 6	**Claims- UPR - URR**

Name of the Foreign Reinsurer's Branch (FRB)	
Reporting year	FYE 31st March -X

LOB	**Net incurred Claim amount**			**URR**			**UPR**			**PDR**		
	FYE 31- Mar X	**FYE 31- Mar X-1**	**FYE 31- Mar - X-2**	**FYE 31- Mar X**	**FYE 31- Mar X-1**	**FYE 31- Mar - X-2**	**FYE 31- Mar X**	**FYE 31- Mar X-1**	**FYE 31- Mar - X-2**	**FYE 31- Mar X**	**FYE 31- Mar X-1**	**FYE 31- Mar - X-2**
All material LOBs												

Signature of the Certifying Actuary

Name:

Signature of the Principal Officer

Name:

Table 7	**Business Profitability**

Name of the Foreign Reinsurer's Branch (FRB)	
Reporting year	FYE 31st March -X

Line of Business	**Earned Premium**		**Incurred Claims**		**Operating Expenses**	**Commission**		**Premium Deficiency Reserve**	**U/W profit**
	Gross	**Net**	**Gross**	**Net**		**Gross**	**Net**		
Fire									
Marine									
Health									
Motor TP									
Motor - Other than TP									
Other material LOB1									
Other material LOB 2									
Total									

Signature of the Certifying Actuary

Name:

Signature of the Principal Officer

Name:

Table 8	**Solvency Stress Testing**
Name of the Foreign Reinsurer's Branch (FRB)	
Reporting year	FYE 31st March -X

	Actual	**Projected**		
Financial Year	**FYE 31- March - X**	**FYE 31- March - X+1**	**FYE 31- March - X + 2**	**FYE 31 - March - X +3**
ASM				
RSM				
Solvency Ratios				
New business				
Additional Capital Requirement (if any)				

Financial year	**Scenario 1***			**Scenario 2***		
	FYE 31- Mar -X+1	**FYE 31- Mar -X+2**	**FYE 31- Mar -X+3**	**FYE 31- Mar -X+1**	**FYE 31- Mar -X+2**	**FYE 31- Mar -X+3**
Projected ASM						
Projected RSM						
Projected Solvency Ratio						

Financial year	**Stress 1****			**Stress 2****		
	FYE 31- Mar -X+1	**FYE 31- Mar -X+2**	**FYE 31- Mar -X+3**	**FYE 31- Mar -X+1**	**FYE 31- Mar -X+2**	**FYE 31- Mar -X+3**
ASM						
RSM						
Solvency Ratio						

* As deemed appropriate by the Certifying Actuary.

** Stress 1 and Stress 2 are as per the prescribed scenarios under Subsection 6.5 of this Annexure.

Signature of the Certifying Actuary **Signature of the Principal Officer**

Name: **Name:**

Annexure Actl-16

(See clauses 1(ii) of Part IV(B), 1(1)(ii) of Part V(B) and 1(2)(ii) of Part V(B) of Schedule -I)

IBNR Claims Reserve Report

Part –A

MATHEMATICAL ESTIMATION OF IBNR CLAIMS RESERVES:

'The Actuary' appearing in this Annexure refers to 'the Appointed Actuary' in case of insurers other than FRBs and 'the Certifying Actuary' in case of FRBs.

The Actuary shall refer to the following principles while estimating IBNR Claim Reserves. As per clauses 1(ii) of Part IV(B), 1(1)(ii) of Part V(B) and 1(2)(ii) of Part V(B) of Schedule - I of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, the IBNR claims reserve shall be determined using actuarial principles. The Actuary shall also consider the following while estimating IBNR claims reserve and shall submit a report on the methodology, assumptions used for estimating the IBNR claims reserve.

(1) The term IBNR claims reserves covers both provisions for claims not reported as well as inadequate provision for reported claims, called IBNER. It is not necessary to establish separate reserves for IBNR and for IBNER so long as the method used will take into account both elements.

(2) There are several possible methods for determination of the provision for IBNR claims. The method most appropriate in a particular case will depend on the nature of the business and claims development pattern. The preferred method referred under Para E of this Annexure is generally suitable to most sets of data. Where the Actuary considers the method stated under the said Para to be not suitable, he or she shall set out the reasons for such conclusion and provide justification for the alternative method proposed to be used, being considered more appropriate. Where the method used is not one of the well-known methods, the Actuary shall also describe the method and the underlying assumptions in that method.

(3) Every mathematical method of estimation is based on a set of assumptions. So, the validity of the assumptions underlying the method proposed to be used should be fully set out and validated sufficiently to lend credibility to the exercise.

(4) Calculation of provision for IBNR should be done separately for each year of occurrence and the figures should be aggregated to arrive at the total amount to be provided.

(5) When the mathematics produces a negative value for the estimate of IBNR provision for any year of occurrence, it is incorrect to automatically assume that the insurer is over-providing. The validity of the underlying assumptions should be re-examined. Other tests of credibility of the results should be applied. The incurred claims ratios derived after the estimation of IBNR should be reviewed in the general background of the ratios for the insurer concerned over the years and also the ratios for other insurers in the market for the same years. There should be a logically identifiable reason to support the findings. It is prudent to ignore negative values of IBNR provision.

(6) The above stated principles are relevant to determination of IBNR provisions for direct insurance and facultative reinsurance accepted business. Estimation of IBNR on treaty accepted and Excess Loss accepted business requires other methods more appropriate to the nature of the portfolio and its claims development pattern. Likewise, estimation of IBNR for specialized

business such as crop insurance or credit guarantee insurance will require other methods more appropriate to the nature of business

A. Examination and validation of basic data

(1) Integrity and completeness of data is essential to an acceptable estimation of IBNR provision based on such data. Therefore, an examination of the data should precede the work of estimation of IBNR provision. Although it is the responsibility of the management of the insurer to provide complete and accurate data as required by the Actuary, the Actuary should apply such checks as practically possible, to ensure the quality and completeness of the data.

(2) It is important to ensure homogeneity of data with regard to nature of business and claims development pattern. Therefore, data should be examined separately for each of the classes set out in the guidance notes. If data of any class is aggregated with data for another class, care should be taken to see that the two classes are homogeneous in nature. In respect of Motor insurance business, it may be possible to compile data separately by class of vehicle and by scope of cover and by nature of claim. Provided the quantum of data is statistically adequate for projection work, this may be done. In respect of long-term insurance policies, the Actuary should adopt an appropriate basis to ensure that the earned premium for the year alone is used in the calculations. In respect of insurance plans including cover in more than one subclass such as Householders' Comprehensive insurance, the system adopted by the insurer for classification of the business and the related premium should be consistently applied to data for all years used in the estimation process.

(3) The underwriting policy of an insurer has a material effect on the nature of its portfolio and consequently, on the claims development pattern. Therefore, the Actuary should first examine the changes in underwriting policy over the period of observation and in particular, the changes made in current underwriting policy. The impact of such changes on the claims development pattern and claims ratio should be examined.

(4) In the above context, the progression of premium over the recent years should be examined. Where the premium income shows significant fluctuation, the reasons for it should be examined. In particular, the impact of the types of risks being underwritten more actively, on the claims development should be taken into account. One of the important underwriting factors is the extent of policy deductible. If the average level of deductible has undergone material change over the recent years, its impact on the claims development should be taken into account.

(5) In respect of motor insurance business, the composition of the portfolio by type of vehicle is material to the claims development pattern. Where the portfolio has changed materially, over recent years, its impact on the overall claims development should be taken into account unless data is split into several sub-divisions.

(6) Compilation of data on an underwriting year basis instead of year of occurrence basis may be proposed in some cases. Where this basis is followed the Actuary should support the reason for change of basis on objective reasons.

B. Claims handling practices

(1) A detailed review of the claims handling practices from the following aspects should be made. Where material changes are identified, their impact on the claims development pattern should be taken into account.

(2) Although the law requires every claim to be recognized on first intimation, the way this is implemented in practice may differ from one insurer to another. The impact of inadequate provision for claims on claims development will be significant and should be taken into account.

(3) Besides recognition of claims, the practice followed by the insurer to determine the provision to be made and the mechanism to review such provision as the claim develops are also important factors in claims development. Also, if the insurer has the practice of downsizing the claims provision in cases where there has been no movement in the claim over a certain period, it will be an important factor in claims development.

(4) Besides studying the practice with regard to recognition, reserving and review of reserve, the claims settlement practice of the insurer should be studied. In particular, the insurer's practice in speed of processing for settlement, fairness in settlement offers, attitude to litigation, approach to interim payments and effectiveness of recovery action both by sale of salvage and through recoveries from third parties, are all material to the claims development pattern. For example, financial problems can get reflected in slower development of claims paid and unless interpreted properly, they will lead to significant under-estimation of ultimate claims incurred ratios.

(5) When studying the above aspects, it should be remembered that any set of practices that have been stable, will be reflected in the claims development pattern. Hence they may not present as much of a problem in estimation as any material changes in practices. The impact of such changes should be evaluated.

(6) Methods that work on incurred claims are subject to far more uncertainties than methods that rely on progression of paid claims due to the uncertainties of claims estimation and reserving. Hence the Actuary should invariably work on paid claims data as the core basis of the estimation process. However, the Actuary may do another calculation using incurred claims as a point of comparison, if he so desires.

(7) The claims development pattern can be materially affected by the occurrence of unusual events over the period of observation such as:

- Individual large claims;
- Catastrophic events causing a large number of claims;
- Changes in Law affecting the incidence and size of claims; and
- Impact of external factors on the average size of claims.

(8) When looking at estimation of IBNR on a "net of reinsurance" basis, note should be taken of any changes in reinsurance protections and changes in size of retentions over recent years.

C. Allowance for trends

(1) In order to make adequate allowance for trends, the following aspects should be studied:

(i) Composition of portfolio;

(ii) External factors such as economic environment, inflation, changes in legal, political or social conditions;

(iii) Insurer's underwriting policy; and

(iv) Insurer's claims settlement practice.

(2) A significant indicator of claims experience is the frequency of claims occurrence and the average size per claim paid and per claim outstanding. These should be studied and any variations observed should be looked into.

D. Preferred Actuarial method for estimation of IBNR

(1) The following Standard Actuarial Methods may be used for the estimation of IBNR reserves:

a) Basic Chain Ladder Method (both on incurred and paid claims)
b) Bornhuetter Ferguson Method (both on incurred and paid claims)
c) Frequency – Severity Method

(i) The Actuary shall use more than one method to arrive at an estimate that s/he believes is adequate to meet the future liabilities.

(ii) The Actuary may use methods other than standard actuarial methods of IBNR estimation.

(iii) The Actuary should provide an explanation of the rationale underlying the selection of a particular method over the other available methods along with the advantages and disadvantages of doing so.

(iv) Where the results of different methods or assumptions differ significantly, The Actuary must comment on the likely reasons for the differences and explain the basis for the choice of results.

(2) Based on data submitted for successive years, the cumulative development of claims picture should be compiled. It can be tabulated as shown in Form IBNR-B-1/2.

(3) The cumulative claims paid as at the end of 24 months in respect claims relating to events that occurred in the year from 1 April 2024 to 31 March 2025 is the total of claims relating to the "current year" in the statement of claims for the year ending 31 March 2025 and claims paid in the "first preceding year" in the statement of claims for the year ending 31 March 2026; and so on. The cumulative statement is thus built up by putting together information from statements of claims for successive years.

(4) The cumulative statement of claims development shows the way the claims paid picture develops over time. Assuming that the pattern of claims development will remain stable, it is possible to project to the completely developed claims amount using the progression of "**link ratios**" derived from the available data. The amount of IBNR will be the estimated ultimate claims cost less amounts paid so far and amount provided as outstanding on the date of estimation.

(5) If there were changes in portfolio or underwriting or claims settlement practices, it may be better to use the latest available year's link ratios rather than the average ratios.

(6) The estimation process should not discount the estimated future development of paid claims to the current date nor should it load the claims outstanding specifically to provide for inflation in the future cost of claims, other than the factor already inherent in the estimation process.

E. Tests of credibility

(1) The exercise of estimating the provision for IBNR will not be complete without applying the tests of credibility to the results produced. These include looking at the frequency of claims occurrence, ultimate incurred claims ratios, average cost per claim paid and per claim outstanding etc.

(2) The ultimate incurred claims ratios for the successive years should be credible as compared to ratios of other insurers in the market and for the same insurer over time. There should be logical explanations for any variations or sharp fluctuations. If the calculations produce progressively reducing ultimate claims ratios, they indicate a deficiency of the mathematical model. It may then be necessary to over-ride the results by alternative methods such as ultimate loss ratio method or Bornhuetter-Ferguson method.

(3) Since insurers do not normally consciously over-provide for claims and since even with utmost diligence there will be claims that have occurred but have not yet been intimated to the insurer, it is inappropriate to accept any negative values for IBNR produced by the mathematics. To avoid such an error, estimation of IBNR should be made separately for each year of occurrence. Negative values of IBNR for any year should be ignored.

(4) An essential check on the credibility of the estimation exercise is to see how the claims developed during the preceding twelve months as compared to the projection and estimation made last year. The outstanding claims provision and provision for IBNR made at the last Balance Sheet date should be compared with the aggregate of claims paid during the year, claims provided as outstanding at the end of the year and the provision for IBNR claims produced by the formula.

Most estimation methods produce less reliable results for the most recent years. Hence the results for the more recent years have to be revised based on the Actuary's knowledge of the business, the insurer's portfolio and claims settlement practices and the claims ratios of other insurers in the market.

The IBNR report shall at least contain the following sections with certification provided below in Part B.

Part -B

IBNR Claims Reserve Report:

Section I - The insurer and its business:

1.1 How active is the insurer in that class of business? Has the growth of premium income been steady and reasonable? Fluctuations in growth rates or high or low growth rates may be indicative of a change in the composition of business or changes in underwriting policy.

1.2 What is the underwriting policy of the insurer in respect of:

i. Selection of risks
ii. Rates and deductibles
iii. Delegation of underwriting authority.

1.3 Has the underwriting policy remained stable over the last six years? Have there been any changes in key underwriting personnel and how would that have impacted on the underwriting policy of the insurer?

1.4 What has been the claims processing and settlement policy of the insurer in the matter of:

i. First recognition of claim;
ii. Provision for a claim where no information or inadequate information on facts is available;
iii. Periodicity of review of the provision for a claim;
iv. Negotiation of bodily injury claims relating to motor accidents;

v. Processing and settlement of claims; and
vi. Pursuit of recovery or sale of salvage.

1.5 Has the claims processing and settlement policy remained the same over the past six years? Have there been any changes in key claims personnel and how would that have impacted on the claims settlement practice of the insurer? If so, comment on how the impact of these changes have been taken into account?

1.6 Has the insurer passed through cash flow or financial problems over the observation period? If so, has it affected the insurer's underwriting or claims settlement practices? Was there a significant slowing down in claims settlements?

1.7 Were the observed claims data affected by catastrophic events such as earthquake, flood, windstorm, individual large claims etc.? Were there significant changes in the business environment such as a severe economic recession that would have affected the business experience? If so, how have they affected the observed claims figures?

1.8 Was there any change in the general business and insurance industry conditions in matters such as legislative environment, competition, consumerism, levels of court awards etc.? If so, the impact of these changes should be commented upon.

Section II - The data

2.1 If the data is not separately compiled for each class of general insurance business as required by the guidance notes, then please comment on the reasons for variation.

2.2 Please comment on the source of data and steps taken to ensure that the data is consistent, reliable, complete and tallies with the audited accounts.

2.3 Please comment on the observed trends in the growth of premiums, frequency of loss occurrence, average cost per claim paid and per claim outstanding, speed of emergence of claims and speed of settlement. Please also state how these have been taken into account in the selection of the process of estimation.

2.4 Did any individually large claims affect the claims development figures? If so, how are they taken note of in the estimation process?

2.5 Is the estimation of IBNR done on a "net of reinsurance" basis? If not, describe the process followed to determine the amount to be provided net of reinsurance. Was there any material change in the reinsurance program? If so, describe the manner in which it was allowed for in the estimation process. If data on net of reinsurance basis is not readily available, it is open to the actuary to work on the IBNR estimate on a gross basis and work on the estimate of IBNR for the share of reinsurance ceded, if that is more easily possible.

Section III - The method

3.1 Please describe the method used for estimation of IBNR. If the method used now is different from the method used previously, please state the reason for change.

3.2 Please state the assumptions underlying the method and to what extent the validity of the assumptions was verified.

3.3 Where the method used is not commonly understood, please explain the methodology and provide adequate working sheets to understand the calculations and results.

3.4 Please cross-check the result using another method, preferably, the chain-ladder method and comment on the outcome. However, if the Actuary chooses to use the chain-ladder method for estimation, then he may check on the estimate using any other method considered by him to be suitable for the purpose.

Section IV - Evaluation of the results

4.1 Please describe the tests of logic applied to the results and the results of the tests.

4.2 How do the figures of outstanding claims as per the estimation process compare with the actual provisions? If the calculated estimates are lower than the actual provisions, please advise the further tests applied to evaluate the validity of the results.

Section V

5. Comment on calculated incurred claims ratios for the insurer over the years and also as compared to other insurers in the market. In particular, please comment whether the claims ratios for the more recent years are logical. If not, please state how the estimation process was modified to achieve more credible results.

Attachments

6.1 The data collected from the database of the insurer, the compiled cumulative figures, the calculation sheets and the final results should be attached to the report.

6.2 Statement of Claims Development as per Part-C of this Annexure shall be submitted along with IBNR Claims Reserve Report.

Certification

7.1 The Actuary should not put forward or certify any figures, which lack credibility, with serious reservations.

7.2 The Actuary should certify that he has checked the data to the best of his ability and is satisfied that they are consistent, reliable and complete and that the assumptions underlying the method used for estimation of IBNR are valid.

7.3 The report should be signed with date by the Actuary. The Actuary should also secure a certificate from the Principal Officer as under and attach it to his report:

Certification

I certify that full and accurate particulars of every policy under which there is a liability, either actual or contingent, and claim have been furnished to the Appointed Actuary or the Certifying Actuary: (name) for the purpose of the determination of IBNR Reserves as on the 31st day of March of _____. (date of investigation).

Name of insurer:

Name of Principal Officer:
Signature of Principal Officer:

Place:

Date:

Part –C

Instructions for filling up the Statement of Claims Development submitted along with IBNR Claims Reserve Report as referred under Part-B of this Annexure.

(To Forms: IBNR-A; IBNR-B-1; and IBNR-B-2)

General

Form IBNR-A

These Statements should be submitted annually. All the information required by these forms should be furnished in a proper manner.

The totals of columns 3, 4, 6+8, 14 and 15 should tally with the audited accounts figures. This reconciliation is essential to ensure proper determination of IBNR provisions.

"Reporting year" means the year in respect of which the statement is prepared. Thus, the reporting year for the statement of claims development during the year ending 31 March 2026 will be the year 1 April 2025 to 31 March 2026.

It is possible that the same event in respect of the same insured gives rise to several claims. In such cases, each of these claims should be individually recognised. However, where the system treats all claims arising out of one event in respect one insured as a single claim, the same basis should consistently be followed over the period of observation. The basis used for counting the number of claims should be uniformly applied over the entire statement.

Separate statements shall be prepared for each class of business as stated in clause 2(2)(ii)(a) of Part IV(A) of Schedule I of these Regulations, namely, Fire, Marine Cargo, Marine other than Cargo, Motor, Workmen's Compensation / Employers' Liability, Public / Products Liability, Engineering, Aviation, Personal Accident, Health insurance and Others. Since Motor Liability claims have a significantly different development pattern as compared to Motor Property Damage claims, data in respect of Motor business should be provided separately for Motor Property Damage and for Motor Liability business. If data in respect of any of these classes is too small to be statistically sufficient for analysis, the calculation of IBNR may be done by combining the data with a class presenting a similar claims development pattern but the data must be provided separately.

Where the insurer has sufficient quantum of information under further sub-division of data for Motor business, the insurer may collect information separately for Motor Cycles, Private Cars, Buses, Goods Vehicles, Special Purpose Vehicles such as Earth-moving Equipments, Cranes, Dumpers, Mechanical Shovels etc., and Other vehicles such as Taxis, Motor Trade Risk etc. Care should be exercised that the break-up of data in the above manner does not make the data too small to be reliable as a basis of projection.

While it is open to an insurer to calculate the provisions for IBNR separately for direct business and reinsurance accepted business and reinsurance ceded business, it is sufficient for the requirements of IRDA to calculate the provision for IBNR on business net of reinsurance.

With reference to column numbers of the statement at Form IBNR-A

Column 1: Claims data should be classified according to year of occurrence of the loss. Thus, in the statement for the year ending 31 March 2026:

Current year refers to claims relating to events that occurred during the year ending 31 March 2026.

First preceding year refers to claims relating to events that occurred during the year 1 April 2024 to 31 March 2025.

Second preceding year refers to claims relating to events that occurred during the year 1 April 2023 to 31 March 2024.

Third preceding year refers to claims relating to events that occurred during the year 1 April 2022 to 31 March 2023.

Fourth preceding year refers to claims relating to events that occurred during the year 1 April 2021 to 31 March 2022.

Similar approach shall be followed for further preceding years.

Columns 2 to 4:

Number - Column 2 relates to the number of claims provided for as outstanding at the beginning of the reporting year. Thus, in the statement for the year ending 31 March 2026, the number of claims outstanding as at 1 April 2025 will be shown in this column, duly split according to the year of occurrence of the event giving rise to the claim. These figures should be the same as shown in the statement for the year ended 31 March 2025 as at the end of that year, except that the references to the year of occurrence will move by one year.

Amount - Column 3 refers to the amounts provided for the claims included in column 2, also split according to the year of occurrence of the event giving rise to the claim.

IBNR amount - Column 4 refers to the amount provided as a provision for IBNR claims. If the insurer has calculated the provision for IBNR claims on an omnibus basis, then it should show the entire provision against the row for “Current year”. However, insurers are advised that it is more appropriate to calculate the provision for IBNR claims separately by year of occurrence of the event giving rise to the claim and insurers who are not already doing so, should change their method of estimation to conform to this requirement.

Columns 5 and 6:

Claims where part payments were made during the reporting year but the claims are not yet fully settled should be shown in this column.

Number - column 5 can represent either the number of claims in respect of which, one or more payments were made during the year. However, where this is not possible, due to limitation of software, it may represent the number of payments regardless of the number of claims concerned. However, in either case, the basis of reporting should be consistently applied in the entire statement and in successive returns. Insurers should take up suitable modifications to software to enable the number of claims to be reported.

Amount - column 6 represents the amounts paid in respect of such claims and the direct expenses debitable as claims paid in accordance with accounting standards, such as surveyor’s fees or legal fees.

Columns 7 and 8:

Claims which were finally settled during the reporting year, with no further payments either as claims or direct claims related expenses remaining outstanding, should be shown in this column. Even if several payments were made during the year, if the claim was fully settled by the end of the reporting year, all payments made in respect of such claims during the reporting year, will be shown in these columns.

Number - Column 7 can represent either the number of claims in respect of which, one or more payments were made during the year or it may represent the number of payments regardless of the number of claims concerned. However, the comments in respect of column 5 are also applicable here.

Amount - Column 8 represents the amounts paid in respect of such claims and the direct expenses debitable as claims paid in accordance with accounting standards, such as surveyor's fees or legal fees.

Columns 9 and 10:

Claims which were recognised and provided for during the reporting year for the first time, should be shown here, according to the year in which the event giving rise to the claim occurred.

Number - Column 9 relates to the number of claims that were recognised and provided for the first time during the reporting year. In this connection, please also see comments in para 4 of general comments above.

Amount - Column 10 represents the amount provided for such claims initially at the time of recognition of the claim during the reporting year. The amount of provision to be shown here will be the amount provided when the claim was first recognised. Even if the provision was revised during the year one or more times, the amount to be shown here will be the amount provided initially when the claim was recognised.

Columns 11 and 12:

Claims that were shown as outstanding at the beginning of the reporting year or were provided for the first time during the year, and were closed during the year without having made any payments during the year, will be shown here.

Number - Column 11 relates to the number of claims that were closed without any payments having been made during the reporting year.

Amount - Column 12 represents the amount that was provided as at the beginning of the reporting year (or on the date the claim was first recognised in respect of the claims recognised during the reporting year), which was written back on closure of the claim.

Columns 13 and 14:

Claims that were outstanding as at the end of the reporting year, duly classified by the year of occurrence of the event giving rise to the claim, should be shown in these columns.

Number - Column 13 relates to the number of claims provided for as outstanding at the end of the reporting year. Thus, in the statement for the year ending 31 March 2026, the number of claims outstanding as at 31 March 2026 will be shown in this column, duly split according to the year of occurrence of the event giving rise to the claim.

Amount - Column 14 refers to the amounts provided for the claims included in column 13, also split according to the year of occurrence of the event giving rise to the claim.

Column 15 - IBNR should show the estimation of provision for IBNR claims as at the end of the reporting period.

Columns 16 and 17:

Information on number of policies and premiums is collected here to examine both the claims ratios and claims frequency for the class of business being studied.

Number - Column 16 will show the number of policies issued in respect of the written business for the year concerned. For example, in the statement for the year ending 31 March 2026, the figure appearing here in respect of the second preceding year will be the number of policies of that class issued during the year 1 April 2023 to 31 March 2024 and so on.

Amount - Column 17 shows the amount of premium written during the year concerned, net of reinsurance cessions.

Normally, information in columns 16 and 17 will not change in respect of the same accounting year in subsequent returns.

Where the volume of long-term policies is significant in a portfolio, the Appointed Actuary should take it into account in computing the “earned premiums” and “policy years exposed” for Tables IBNR B-1 and B-2.

Cumulative Claims Data Forms at Forms IBNR-B-1; IBNR-B-2.

Information in this statement will be compiled by aggregation of figures of claims paid shown in Claims Data Form (Form IBNR-A) for successive years. Information on number of claims will likewise be compiled as shown in Form IBNR-B-1.

In the statement as at 31 March 2026:

Claims paid as at 12 months for current year will be the claims paid during the year 1 April 2025 to 31 March 2026 in respect of events that occurred during the year 1 April 2025 to 31 March 2026;

Claims paid as at 12 months for the first preceding year will be the claims paid during the year 1 April 2024 to 31 March 2025 and as at 24 months it will be the claims paid during the period of two years from 1 April 2024 to 31 March 2025, in respect of events that occurred during the year 1 April 2024 to 31 March 2025;

And so on.

Statement of Claims Development during the year ending 31 March …….

Form IBNR-A

Name of Insurer:
Name of Appointed Actuary:
Class of Business:

(All Amounts in Rupees in thousands)

Year of occurrence of loss	Provision at the beginning of year			Part payments on claims during the year		Payments on claims finally settled during the year		Claims provided for the first time or reopened during the year		Claims closed without payment during the year		Provision at the end year			Written Premium for the year	
	Outstanding claims		IBNR									Outstanding claims		IBNR		
	Number	Amount	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Amount	Number	Amount
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1. Current year																
First preceding year																
Second preceding year																
Third preceding year																
Fourth preceding year																
Fifth preceding year																
Sixth preceding year																
Seventh preceding year																

Year of occurrence of loss	Provision at the beginning of year			Part payments on claims during the year		Payments on claims finally settled during the year		Claims provided for the first time or reopened during the year		Claims closed without payment during the year		Provision at the end year			Written Premium for the year	
	Outstanding claims		IBNR									Outstanding claims		IBNR		
	Number	Amount	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Amount	Number	Amount
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Eighth preceding year																
Ninth preceding year																
Tenth preceding year																
….																
TOTAL ALL YEARS																

Signature of Appointed Actuary/Certifying Actuary** Signature of Mentor Actuary Countersigned by Principal Officer

Place:
Date:

** In case of Foreign Reinsurance Branches

Cumulative Statement of Claims Development (By Amounts) as at 31 March _____.

Form IBNR-B-1

Name of Insurer:
Name of Appointed Actuary:
Class of Business:

(All Amounts in Rupees in thousands)

Year of occurrence	Earned Premium	Cumulative Claims Paid as at end of number of months as at Date of statement						Outstanding claims as at date of statement	Incurred claims	
		12 months	24 months	36 months	48 months	60 months	…		Amount	Ratio
1	2	3	4	5	6	7	…	8	9	10
Current year										
First preceding year										
Second preceding year										
Third preceding year										
Fourth preceding year										
Fifth preceding year										
Sixth preceding year										
Seventh preceding year										
Eighth preceding year										
Ninth preceding year										
Tenth preceding year										
….										

Signature of Appointed Actuary/Certifying Actuary** Signature of Mentor Actuary Countersigned by Principal Officer

Place:
Date:
** In case of Foreign Reinsurance Branches

Cumulative Statement of Claims Development (By Number) As At 31 March _____.

Form IBNR-B-2

Name of Insurer:
Name of Appointed Actuary:
Class of Business:

Year of occurrence	Number of policy years exposed	Cumulative number of Claims Paid as at end of number of months as at Date of statement						Outstanding number of claims as at date of statement	Incurred claims- Number	
		12 months	24 months	36 months	48 months	60 months	….		Number of claims	Frequency of claims
1	2	3	4	5	6	7	….	8	9	10
Current year										
First preceding year										
Second preceding year										
Third preceding year										
Fourth preceding year										
Fifth preceding year										
Sixth preceding year										
Seventh preceding year										
Eighth preceding year										
Ninth preceding year										
Tenth preceding year										
….										

Signature of Appointed Actuary/Certifying Actuary** Signature of Mentor Actuary Countersigned by Principal Officer

Place:
Date:
** In case of Foreign Reinsurance Branches

Annexure Actl-17

Form IRDAI-GI-I

(See clause 4A of Part IV(A) of Schedule-I)

Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024

STATEMENT OF SURPLUS as at 31st March …….

Name of Insurer:
Registration Number:
Date of registration:
Classification: Business within India/ Total Business

(All amounts in Rupees of Lakhs)

Item	Description	Amount
A	Excess in Policyholder's Funds as per Table IB of Form IRDAI-GI-SM (Item E of the referred Form)	
B	Operating Profit as per Form B- RA (of Part II of Schedule-II of these Regulations)	
C	Surplus (A+B)	

Certification:
I_____ , the Statutory Auditor, hereby certify that the above statements have been prepared in accordance with the section 64VA of the Insurance Act, 1938, and the amounts mentioned therein are true to the best of my knowledge.

Place

Date:

Name and Signature of the Statutory Auditor

Counter signature by

Appointed Actuary/Actuary Chief Financial Officer

Principal Officer/ /Chief Executive Officer:

Note:

Item B shall be the Operating Profit at the entity level (i.e., Total of the Operating Profit from Fire, marine and Miscellaneous Segments)

Annexure Actl-17A

Form IRDAI-RI-I

(See clause 5(3)(iii) of Part V(A) of Schedule-I)

Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024

STATEMENT OF SURPLUS as at 31st March …….

Name of Insurer:
Registration Number:
Date of registration:
Classification: Business within India/ Total Business

(All amounts in Rupees of Lakhs)

Item	Description	Amount
A	Excess in Policyholder's Funds as per Form IRDAI-RI-SM (Item F of the referred Form)	
B	Operating Profit as per Form B- RA (of Part II of Schedule-II of these Regulations)	
C	Surplus (A+B)	

Certification:
I_____ , the Statutory Auditor, hereby certify that the above statements have been prepared in accordance with the section 64VA of the Insurance Act, 1938, and the amounts mentioned therein are true to the best of my knowledge.

Place

Date:

Name and Signature of the Statutory Auditor

Counter signature by

Appointed Actuary/Actuary(Life)**

Appointed Actuary/Actuary(Non-Life) ** Chief Financial Officer

Principal Officer/ /Chief Executive Officer:

Note:

Item B shall be the Operating Profit at the entity level (i.e., Total of the Operating Profit from Life, Fire, marine and Miscellaneous Segments)

** Signature of the actuary certifying the reports of the FRB.

G. R. SURYA KUMAR, Executive Director

[ADVT.-III/4/Exty./246/2026-27]

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