

# ANNUAL REPORT 2006-07



## INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

### Head Office

3<sup>rd</sup> Floor, Parisrama Bhavan  
Basheerbagh, Hyderabad 500 004  
Phone : +91-40-23381100  
Fax : +91-40-66823334

### Delhi Office

3<sup>rd</sup> Floor, Jeevan Tara  
Parliament Street  
New Delhi – 110 001  
Phone : +91-11-23747648  
Fax : +91-11-23747650

Website: [www.irda.gov.in](http://www.irda.gov.in);

E-mail: [irda@irda.gov.in](mailto:irda@irda.gov.in)



सी.एस. राव  
अध्यक्ष  
*C.S. Rao*  
Chairman



बीमा विनियामक और विकास प्राधिकरण  
**INSURANCE REGULATORY AND  
DEVELOPMENT AUTHORITY**

**Letter of Transmittal**

December, 2007

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 31<sup>st</sup> March, 2007 in the format prescribed in the IRDA (Annual Report – Furnishing of returns, statements and other particulars) Rules, 2000, notified on 14<sup>th</sup> June, 2000 in Part II of Section 3, Sub Section (ii) of the Gazette of India, Extraordinary.

Yours faithfully,

**(C.S. Rao)**



## CONTENTS

<b>MISSION STATEMENT</b>	....	
<b>TEAM AT IRDA</b>	....	
<b>OVERVIEW</b>	....	1
Performance in the first half of 2007-08	....	3

### PART I POLICIES & PROGRAMMES

A) General economic environment	....	5
B) Appraisal of the insurance market	....	9
i) World insurance scenario	....	12
ii) Indian insurance industry	....	12
– Life insurance	....	13
– Non-life insurance	....	19
C) Research and development activities undertaken	....	27
D) Review	....	27
(i) Protection of interests of policyholders	....	27
(ii) Maintenance of solvency margins of insurers	....	27
(iii) Monitoring of re-insurance	....	31
(iv) Monitoring of investments of the insurers	....	34
(v) Health insurance	....	37
(vi) Business in the rural and social sector	....	38
(vii) Accounting and actuarial standards	....	39
I) Accounting Standards	....	39
II) (a) Appointed Actuary System	....	40
(b) Actuarial Standards	....	41
(viii) Crop Insurance	....	41
(ix) Micro-Insurance	....	43
(x) Directions, Orders and Regulations issued by the Authority	....	46
(xi) Right to Information Act	....	46

### PART II REVIEW OF WORKING AND OPERATIONS

(i) Regulation of insurance and re-insurance companies	....	47
(ii) Intermediaries associated with the insurance business	....	47
- Insurance agents	....	47
- Corporate agents	....	47
- Insurance brokers	....	47
- Channel-wise New Business Performance	....	47
- Surveyors and loss assessors	....	49
(iii) Litigations, appeals and court pronouncements	....	49
(iv) International cooperation in insurance	....	51

(v) Public Grievances	....	54
(vi) Insurance Associations and Insurance Councils	....	57
(vii) Functioning of Ombudsman	....	58
(viii) Committees	....	59
(ix) Review of the advisory functions performed by the Authority	....	60

### PART III

#### STATUTORY FUNCTIONS OF THE AUTHORITY

a. Issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel such registration.	....	61
b. Protection of the interests of 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.	....	62
c. Specifying requisite qualifications, code of conduct and practical training for intermediary or insurance intermediaries and agents.	....	62
d. Specifying the code of conduct for surveyors and loss assessors	....	63
e. Promoting efficiency in the conduct of insurance business	....	63
f. Promoting and regulating professional organizations connected with the insurance and reinsurance business	....	64
g. Levying fees and other charges for carrying out the purposes of the Act 66	....	64
h. Calling for information from, undertaking inspection of, conducting enquiries and investigation including audit of the insurers, intermediaries, insurance intermediaries and other organizations connected with the insurance business	....	64
i. Control and regulation of rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business not so controlled and regulated by the Tariff Advisory Committee under section 64U of the Insurance Act, 1938 (4 of 1938)	....	65
j. Specifying the form and manner in which books of account shall be maintained and statement of accounts shall be rendered by insurers and other insurance intermediaries	....	65
k. Regulating investment of funds by insurance companies	....	66
l. Regulating maintenance of margin of solvency	....	66
m. Adjudication of disputes between insurers and intermediaries or insurance intermediaries	....	66
n. Supervising the functioning of the Tariff Advisory Committee	....	66
o. Specifying the percentage of premium income of the insurer to finance schemes for promoting and regulating professional organizations referred to in clause 'f'	....	66
p. Specifying the percentage of life insurance business and general insurance business to be undertaken by the insurer in the rural or social sectors	....	70
q. Exercising such other powers as may be prescribed	....	70

### PART IV

#### ORGANIZATIONAL MATTERS

i. Organization	....	71
ii. Meetings of the Authority	....	71
iii. Human Resources	....	71
iv. Promotion of Official Language	....	71
v. Status of Information Technology in IRDA	....	72
vi. Accounts	....	72
vii. ISO 2000 Registration	....	72

viii. IRDA Journal	....	73
ix. Acknowledgments	....	73

**BOX ITEMS**

1. Solvency	....	28
2. Operational risks in the Insurance industry	....	44
3. Financial Sector Assessment Program	....	52
4. Effect of Detariffing on Non-Life Insurance Sector	....	67

**TEXT TABLES**

1. Key Market Indicators	....	10
2. Number of Registered Insurers in India	....	10
3. Distribution of Offices of Life Insurers as on 31st March, 2007*	....	10
4. Paid up Capital: Life Insurers	....	13
5. No. of New Policies issued: Life Insurers	....	14
6. Premium Underwritten by Life Insurers	....	14
7. Market Share of Life Insurers	....	16
8. Commission Expenses of Life Insurers	....	17
9. Operating Expenses of Life Insurers	....	17
10. Dividends Paid: Life Insurers	....	19
11. Paid up Capital: Non-Life Insurers and Re-Insurer	....	20
12. No. of New Policies issued: Non-Life Insurers	....	20
13. Premium Underwritten by Non-life Insurer (within India)	....	20
14. Gross Direct Premium income in India	....	21
15. Premium (Within India) Underwritten by Non-life Insurers - Segment wise	....	22
16. Ratio of outside India Premium to total Premium	....	22
17. Gross Direct Premium from Business outside India: Non-life insurers	....	23
18. Underwriting Losses: Non-Life Insurers	....	23
19. Operating Expenses: Non-Life Insurers	....	24
20. Commission Expenses	....	24
21. Investment Income	....	24
22. Incurred Claims Ratio	....	25
23. Dividends Paid: Non-Life Insurers	....	26
24. Net Retained Premium on Indian Business as Percentage of Gross Direct Premium (Excl. GIC)	....	32
25. Re-Insurance placed within India and outside India as percentage of Gross Direct Premium in India (excl. GIC)	....	32
26. Re-Insurance ceded outside India on Indian Business (excl GIC)	....	33
27. Share of Member Companies in the Indian Market Terrorism pool	....	33
28. Rating of Terrorism pool	....	33
29. Investments of Insurers	....	34
29(I). Total Investments-Instrument-Wise	....	34
29(II). Total Investments-Fund-Wise	....	35
29(III). Investments of Life Insurer: Fund wise	....	35
30. Total Investments: Fund wise	....	36
31. Investments of Non-Life Insurer: Fund wise	....	36
32. TPA (Infrastructure)	....	37
33. Third Party Administrators - Claims Data	....	38

34. Brief Details of Crop Insurance Policies of AIC Ltd.	....	42
35. List of Products introduced by AIC Ltd.	....	43
36. Individual New Business Premium of Life Insurers for 2006-07	....	48
37. Group New Business Premium of Life Insurers for 2006-07 Channel-wise	....	49
38. Status of Grievances - Non-Life Insurers	....	55
39. Status of Grievances - Non-Life Insurers (Half Year Ended Sept. 2007)	....	55
40. Status of Grievances - Life Insurers	....	56
41. Disposal of Complaints by Ombudsman - 2006-07	....	59

#### LIST OF STATEMENTS

1. Financial Saving of the Household Sector (Gross)	....	77
2. International Comparison of Insurance Penetration	....	78
3. International Comparison of Insurance Density	....	80
4. Policy Holders Account: All Life Insurers	....	82
5. Share Holders Account: All life Insurers	....	84
6. Balance Sheet: All Life Insurers	....	86
7. Life Insurance Corporation of India: Capital Redemption and Annuity Certain Business (Non Participating) –Policy Holders Account	....	88
8. Life Insurance Corporation of India: Capital Redemption and Annuity Certain Business (Non Participating) - Share Holders Account	....	89
9. Life Insurance Corporation of India: Capital Redemption and Annuity Certain Business (Non Participating) - Balance Sheet	....	90
10. Policy Holders Account: Public Sector Non-life Insurers	....	91
11. Share Holders Account: Public Sector Non-life Insurers	....	93
12. Balance Sheet: Public Sector Non-life Insurers	....	94
13. Policy Holders Account: Private Sector Non-Life Insurers	....	95
14. Share Holders Account: Private Sector Non-life Insurers	....	99
15. Balance Sheet: Private Sector Non-life Insurers	....	100
16. General Insurance Corporation (GIC) - Policy Holders Account	....	101
17. General Insurance Corporation (GIC) - Share Holders Account	....	102
18. General Insurance Corporation (GIC) - Balance Sheet	....	103
19. Export Credit Guarantee Corporation Ltd.(ECGC) - Policy Holders Account	....	104
20. Export Credit Guarantee Corporation Ltd.(ECGC) - Share Holders Account	....	105
21. Export Credit Guarantee Corporation Ltd. (ECGC) - Balance Sheet	....	106
22. Agricultural Insurance Corporation (AIC) Ltd. - Policy Holders Account	....	107
23. Agricultural Insurance Corporation (AIC) Ltd. - Share Holders Account	....	108
24. Agricultural Insurance Corporation (AIC) Ltd. - Balance Sheet	....	109
25. Net Retentions of Non-life Insurers: 2006-07	....	110
26. Gross Direct Premium Income in India	....	111
27. Net Premium Income (Earned)	....	112
28. Underwriting Experience and Profits of Public Sector Companies	....	113
29. Underwriting Experience and Profits of Private Sector Companies	....	114
30. Incurred Claims Ratio – Public Sector	....	115
31. Incurred Claims Ratio – Private Sector	....	116
32. Equity Share Capital of Insurance Companies	....	117
33. Fee Structure for Insurers and various intermediaries	....	118
34. Fund-wise pattern of Investments of Life Insurers	....	119



35. Pattern of Investments of Non-life Insurers	....	123
36. Status of Grievances - Life Insurers (2006-07)	....	124
37. Status of Grievances - Non-life Insurers (2006-07)	....	125
38. Status of Grievances - Non-life Insurers (Half year ended September, 2007)	....	126
39. Third Party Administrators - Claims Data: 2006-07	....	127
40. Performance of Ombudsmen at different centres: Complaints disposal for the Year ending 31st March, 2007: Life Insurance	....	128
41. Performance of Ombudsmen at different centres : Complaints disposal for the Year ending 31st March, 2007: Non-life Insurance	....	129
42. Performance of Ombudsmen at different centres: Complaints disposal for the Year ending 31st March, 2007: Life and Non-Life Insurance combined	....	130
43. First Year (Including Single Premium) Life Insurance Premium	....	131
44. Total Life Insurance Premium	....	132
45. Gross Direct Premium of Non-Life Insurance (Within & Outside India)	....	133
46. Individual Business (Within India) – Business in force (Number of Policies)	....	134
47. Individual Business (Within India) – Business in force (Sum Assured)	....	135
48. Individual Business (Within India) – Forfeiture/Lapse Policies in respect of Non-Linked Business	....	136
49. Solvency Ratios of Life Insurers (2006-07)	....	137
50. Solvency Ratios of Non-Life Insurers (2006-07)	....	138
51. Individual Business (within India) - Details Forfeiture/Lapse Policies in respect of Non-Linked Business	....	139
52. Individual New Business Performance of Life Insurances for 2006-07 — Channel Wise	....	140
53. Group New Business Performance of Life Insurances for 2006-07 — Channel Wise	....	141
54. State Wise Spread of Individual Agents — Insurer wise as at 31st March, 2007	....	142
55. Details of Individual Agents of Life Insurers	....	144
56. Individual Death Claims	....	145
57. No. of Life Insurance offices as on end March	....	146
58. Distribution of offices of Life Insurers as on 31st March, 2007	....	147
59. Geographical Distribution of offices—Company-wise	....	148
60. Individual New Business Underwritten—Company-wise	....	149

## LIST OF ANNEX

I Insurance Companies operating in India	....	153
II Regulations framed under the IRDA Act, 1999	....	154
III (a) Appointed Actuaries of Life Insurers	....	155
(b) Appointed Actuaries of Non-Life Insurers	....	156
IV (a) Indian Assured Lives Mortality (1994-96) (modified) ultimate	....	157
(b) Mortality Rates of Annuitants in LIC of India – LIC A (96-98) ultimate	....	158
V Life Insurance products cleared during the financial year 2006-07	....	159
VI Non-life Products Introduced during the financial year 2006-07	....	163
VII Obligatory Cessions received by GIC	....	166
VIII Registered Brokers (State - wise Break-up)	....	167
IX Circulars / Orders / Notifications issued by the Authority	....	168
X Annual Statement of Accounts for the year ended March 31, 2007	....	173
XI Addresses of Insurers, Intermediaries and Ombudsman	....	193

## MISSION STATEMENT

- ✓ 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 2006-07**

**CHAIRMAN  
C. S. Rao**

**MEMBERS**

C.R. Muralidharan  
K.K. Srinivasan  
G. Prabhakara  
Dr.R. Kannan

**PART-TIME MEMBERS**

Vijay Mahajan  
Sunil Talati  
Ela R. Bhatt  
Dr. Sanjiv Misra

**DIRECTOR GENERAL (RESEARCH & DEVELOPMENT)**

Dr. D.V.S. Sastry

**EXECUTIVE DIRECTORS**

Prabodh Chander

V. Vedakumari

K. Subrahmanyam

**CONSULTANTS**

M. M. Siddiqui

Kunnel Prem

## OVERVIEW

The Indian economy has witnessed a remarkable real GDP growth in 2006-07. This upswing has resulted from higher production in both manufacturing and services sectors while agriculture and allied activities have not shown a similar improvement. Services sector and manufacturing sector led the development path with growth rate of 11.0 per cent each. Agricultural sector registered a positive rate of growth at 2.7 per cent; however, it was much lower than the growth rate of 6.0 per cent registered in 2005-06. Thus, the overall real GDP growth was 9.4 per cent in 2006-07 as against 9.0 per cent in 2005-06. Within the services sector, trade, hotels, transport and communications and financing, insurance, real estate and business services have registered double digit rate of growth.

As a result of higher growth, the per capita income has increased; gross domestic savings as a percentage of GDP increased to 32.4 per cent in 2005-06 from 31.1 per cent in 2004-05. The saving rate of the household sector in financial assets has increased to 11.7 per cent in 2005-06 compared to 10.2 per cent in 2004-05. However, saving rate in the form of physical assets declined to 10.7 per cent from 11.4 per cent observed in 2004-05. Savings of private corporate sector has increased to 8.1 per cent of GDP in 2005-06 as compared to 7.1 per cent in 2004-05. Higher savings improved the investment situation at the economy level to 33.8 per cent of GDP in 2005-06 as against 31.5 per cent in 2004-05. Gross capital formation as per cent of GDP in the private corporate sector worked out to 12.9 per cent (9.9 per cent in 2004-05). Gross capital formation rate in the public sector has increased to 7.4 per cent marginally higher than 7.1 per cent in 2004-05. Thus, higher investment rates in both private corporate and public sectors of the economy will have a long term impact on the overall growth path.

Monetary policy during 2006-07 has managed a higher real growth path despite pressures from actual and expected inflation. The prices of fuel, power, light and lubricants have caused the rise of inflation in 2006-07. Higher commodity prices for primary food articles and manufactured products and demand conditions have contributed to the rise in inflation.

Inflation measured by variations in the WPI on a year-on-year basis increased from 4.0 per cent at end-March 2006 to 5.9 per cent at end-March 2007. On an average basis, WPI inflation was higher at 5.4 per cent in 2006-07 when compared to that of 4.4 per cent in 2005-06. Consumer price inflation for industrial workers registered, on year-on-year basis, an increase of 6.7 per cent in March 2007 compared with 4.9 in March 2006. Consumer price index for industrial worker averaged to 6.7 per cent in 2006-07 compared with 4.4 per cent in 2005-06. Domestic equity and bullion markets have also played significant role in the inflationary situation. Some of the key macroeconomic indicators suggest that the consumer price inflation have eased in most of the economies except in India, China and South Africa.

The Indian financial markets were calm during 2006-07 except for some volatility at certain points of time due to changes in cash balances and capital flows. Despite certain tightness in the uncollateralized call money market, call rates averaged at 7.22 per cent 2006-2007. In the money market there has been a shift from uncollateralized to the collateralized market in 2006-07, as collateralized market accounted for about 70 per cent of the total volume in money market. Along with nationalized banks, insurance companies and mutual funds have been major money lenders in the Collateralized Borrowing and Lending Obligation market. The issuance of commercial paper has seen a mixed response; however, the weighted average discount rates on commercial paper have increased to 11.33 per cent during the fortnight ending March 31, 2007 from 8.59 per cent observed at the corresponding period in the previous year. Yields on treasury bills have also seen a sharp rise during 2006-07. The government securities market showed an increase in yields both at short term and long term. Whereas the yield spread on securities above 1 year has declined at a faster rate, the deposit rates and lending rates of both public sector and private sector banks have moved up in year 2006-07. The gap in yield spread between 5 year government securities and 5 year AAA-rated bonds have widened by 142 basis points at end-March 2007. In the primary market, resources mobilized through public issues amounted

to Rs.32,382 crore during 2006-07. Mobilization of resources through private placement amounted to Rs. 84,307 crore. In the domestic secondary market, the BSE Sensex at end-March 2007 increased by 15.9 per cent on top of an increase of 73.7 per cent a year ago. Strong corporate profitability and liquidity support from foreign institutional investors and domestic mutual funds kept the stock market buoyant despite certain sharp corrections on few occasions. Major global stock indices showed mixed trends during 2006-07. The short term interest rates rose in some of the developed economies, whereas yield on the long term government bonds exhibited a mixed trend.

The balance of payments condition indicated vibrancy and strength in the external sector during 2006-07. The merchandise exports and non-oil import remained robust, though there was some deceleration as compared to the previous year. India's share in world trade has increased to 1.2 per cent in 2006 from 1.1 per cent in 2005. India's merchandise export reported a growth of 22.5 per cent in 2006-07 as compared to 23.4 per cent in the previous year. Commodities like engineering goods and petroleum products have recorded strong growth whereas export of commodities like chemicals and related products, gems and jewellery, textiles, and related products recorded a moderate growth. India's merchandise imports moderated to 27.8 per cent during 2006-07 from 33.8 per cent in the previous year. During 2006-07, US remained the major destination for India's export accounting for 14.9 per cent of India's total exports. Growth in oil imports moderated to 29.8 per cent in 2006-07 as against 47.3 per cent in 2005-06. India's external debt has increased by US \$ 28.6 billion during 2006-07 and stood at US \$ 155.0 billion by end March 2007. India's foreign exchange reserves stood at US \$ 199.2 billion on March 31, 2007 as compared with US \$ 151.6 billion on March 31, 2006. The Indian currency has shown a two way movement against US dollar, euro, Japanese yen and pound sterling. The rupee has appreciated against US dollar by 2.3 per cent and Japanese yen by 2.7 per cent while it depreciated against euro by 6.8 per cent and pound sterling by 9.1 per cent.

Global economic activity gathered further pace in 2006, with growth accelerating to 5.5 per cent from 4.9 per cent in 2005.

Growth in developing Asia accelerated from 9.2 per cent in 2005 to 9.7 per cent in 2006 due to strong global demand, favourable terms of trade and easy access to external finance. The volume of world trade increased to 9.4 per cent from 7.5 per cent in 2005. The World Economic Outlook predicts that global real GDP growth on the basis of purchasing power parity, to be lower at 5.2 per cent in 2007-08 compared to 5.5 per cent in 2006-07. The growth in the world trade volume is also expected to decelerate from 9.4 per cent in 2006 to 7.1 per cent in 2007 and 7.4 per cent in 2008. The global headline inflation has picked up momentum even though the core inflation has not shown much change. There has been a noticeable rise in volatility in the international financial markets. With financial globalization the exposure of emerging markets to risky financial assets has increased which in turn has led to increased risk appetite of institutional investors in search of higher yields.

The improved global economic activity has also impacted the insurance business. The world insurance premium in 2006 accounted for US \$ 3723 billion; of which US \$ 2209 billion was in life insurance and US \$ 1514 billion in non-life insurance. Profitability improved for both life and non-life insurance companies in 2006 as compared to 2005.

The Central Statistical Organization, in February 2007 has revised upwards the real GDP growth for 2006-07 to 9.4 per cent. Progress in all the three sectors has contributed towards the growth with the industrial and services sectors playing the vital role. The industrial sector has gained momentum with improvement in investment and sectoral policies. Further, to sustain the accelerating growth rate of this sector, Union Budget 2007 has declared a reduction in custom duties and other taxes.

The improved performance in the domestic economy is also reflected in the insurance industry. Higher per capita income, domestic savings and availability of more instruments for parking surplus funds have facilitated growth in the activities of financial services: Savers' risk appetite has also been increasing which can be seen by the growth in unit linked products provided by the life insurers. The premium underwritten in India and abroad by life insurers in 2006-07 has grown by 47.38 per cent as against 27.78 per cent in

2005-06. First year premium including single premium accounted for 48.45 per cent of the total life premium, whereas renewal premium accounted for the remaining. First year premium including single premium recorded a growth of 94.96 per cent in 2006-07 compared to 47.94 per cent in 2005-06, driven by a significant jump in the unit-linked business. The private life insurers have increased their market share from 14.25 per cent in 2005-06 to 18.08 per cent in 2006-07. This has not affected the growth of LIC, as the premium collected by LIC in 2006-07 has increased by 40.79 per cent over the premium collected in 2005-06. In the case of general insurers the growth was 21.51 per cent as against 15.62 per cent in the previous year. In 2006-07, the four public sector general insurers had reported a growth of 8.18 per cent (6.87 per cent in the previous year) in underwriting of premium within and outside India whereas eight private sector insurers reported a growth of 61.24 per cent. The market share of private insurers had increased to 34.72 per cent compared to 26.34 per cent in 2005-06 implying a decline in the market share of the public sector insurers. The number of policies underwritten by the private insurers increased by 51.48 per cent whereas it declined by 2.25 per cent for public insurers.

The Authority, visualizing the large opportunities for growth of insurance in India has been making efforts at widening and deepening the market. It has also recognized that competition among the companies has impacted their efficiency in production, innovation and claim management. Further, new untapped market is being exploited by the private insurers forcing the public insurers to come out with innovative schemes. The Authority feels that there is scope for new entrants to spread the message of insurance among the people; It, however, adopts a cautious and diligent approach in licensing firms to undertake insurance business in India. All out efforts are being made by the Authority in spreading health insurance. Further, micro-insurance is encouraged to cater to the needs of the poor people. The insurers responded positively to these developmental plans of IRDA, a new stand alone Health Insurance company has started its business in 2006-07. The existing companies are expanding their geographical operations. During 2006-07, 1508 offices as defined under Sec 64VC of Insurance Act 1938 have been

added. The number of policies issued in 2006-07 by private insurers registered 100 per cent increase over those issued in 2005-06. The total premium underwritten by the life insurers recorded a growth of 47.38 per cent in 2006-07.

The well laid out and carefully thought of road map put in place by the Authority for removal of tariffs in the general insurance industry was a historic event of 2006-07. The apprehensions of many were put to rest as no marked fluctuations were observed in the rates. Though it is too early to assess the impact of detariffication, the initial behaviour of the market has been normal. As the market becomes more competitive companies move to put in good underwriting practices and innovate new products so as to retain their earlier market shares.

The Authority is concerned with the market behaviour of the players and the way they sell their products to the consumers. The Authority lays stress on these issues and advised the insurers to restrain from misselling their products to the consumers by inflating the benefits of such products. Further the complex structure of the market forces evolving in the light of detariffing necessitated the Authority to recognize importance of the market supervision as well as financial supervision. In view of this, the Authority conducted inspections of the insurance companies to look into underwriting processes and based on the reports of the inspecting team, some of actions have been initiated.

### **Performance in the first half year of 2007-08**

#### **(i) Life insurance**

The life insurers underwrote a premium of Rs. 33159.53 crore during the six months in the current financial year as against Rs. 29664.64 crore in the comparable period of last year recording a growth of 11.78 percent. Of the total premium underwritten, LIC accounted for Rs. 22761.49 crore and the private insurers for Rs. 10398.04 crore. The premium underwritten by the LIC declined by 2.87 percent while that of private players grew by 66.91 percent, over the corresponding period in the previous year. The number of policies written at the industry level increased by 69.09 per cent. The number of policies written by LIC increased by 61.61 per cent whereas in the case of private insurers the increase was



99.18 per cent. Of the total premium underwritten, individual premium accounted for Rs. 28470.56 crore. and the remaining Rs. 4688.97 crore came from the group business. In respect LIC, individual business was Rs. 18889.84 crore and group business was Rs. 3871.65 crore. In the case of private insurers, it was 9580.72 crore and Rs. 817.32 crore respectively. The market share of LIC was 68.64 per cent in premium collection and 76.55 per cent in number of policies underwritten. In the corresponding period of last year these shares were 79.00 per cent and 80.09 per cent respectively. The number of lives covered by life insurers under the group scheme was 131.19 lakhs recording a growth of 50.20 per cent over the previous period. Of the total lives covered under the group scheme, LIC accounted for 102.33 lakhs and private insurers 28.86 lakhs. The life insurers covered 54.82 lakh lives in the social sector with a premium of Rs. 83.21 crore. In the rural sector the insurers underwrote 43.38 lakh policies with a premium of Rs. 4340.81 crore.

#### (ii) Non-Life insurers

Non-life insurers underwrote a premium of Rs. 13904.01 crore during the first half of the current financial year recording a growth of 11.68 per cent over Rs. 12449.87 crore underwritten in the same period of last year. The private sector non-life insurers underwrote a premium Rs. 5441.52 crore as against Rs. 4340.57 crore in the corresponding period of the previous year, recording a growth of 25.36 per cent. Public sector non-life insurers underwrote a premium of Rs. 8462.49 crore which was higher by 4.36 per cent (Rs. 8109.30 crore in the first half of 2006-07). The market share of the public insurers, and the private players was 60.87 and 39.13 per cent respectively. ECGC underwrote credit insurance of Rs. 313.24 crore as against Rs. 293.02 crore in the previous

year, a growth of 6.90 per cent. Segment wise the premium underwritten in the Fire, Marine and Miscellaneous segments was Rs. 2220.93 crore, Rs. 900.02 crore and Rs. 10783.06 crore recording a growth of -11.69 per cent, 1.88 per cent and 19.13 per cent, respectively over the corresponding period of the previous year. The corresponding number of policies segment wise were 16.59 lakh, 6.88 lakh and 251.02 lakh respectively. i.e., a growth of -2.56, 1.45 and 28.49. Premium underwritten by the private sector insurers in these segments during April- September, 2007 was Rs. 874.03 crore, Rs. 294.96 crore and Rs. 4272.53 crore, respectively reporting growth of -11.73, 1.15 and 39.68 per cent. In terms of number of policies, the private insurers issued 3.14 lakh, 1.53 lakh and 77.68 lakh policies in the Fire, Marine and Miscellaneous segments reporting a growth of, 42.49, 8.54 and 57.67 per cent respectively. The policies underwritten in the corresponding period of the previous year were 2.21 lakh, 1.41 lakh and 49.27 lakh respectively. The growth in terms of policies underwritten by the private insurers was 55.73 per cent. Premium underwritten by the public sector insurers in these segments during April-September, 2007 was Rs. 1346.90 crore, Rs. 605.06 crore and Rs. 6510.53 crore respectively reporting growth of -11.66, 2.23 and 8.64 per cent. In terms of number of policies, the public insurers issued 13.44 lakh, 5.34 lakh and 173.34 lakh policies in the Fire, Marine and Miscellaneous segments reporting a growth of -9.28, -0.41 and 18.65 per cent respectively. The policies underwritten in the corresponding period of the previous year were 14.82 lakh, 5.37 lakh and 146.09 lakh respectively. The growth in terms of policies underwritten by the public insurers was 15.55 per cent.

## PART I

### POLICIES AND PROGRAMMES

#### A. GENERAL ECONOMIC ENVIRONMENT

The Indian economy, commensurate with strong global growth, exhibited a robust performance during 2006-07. Real GDP backed up by double digit growth in services sector and industrial sector increased to 9.4 per cent in 2006-07 as against 9.0 per cent in 2005-06. India's share in world GDP thus has increased to 6.3 per cent in 2006 measured in terms of purchasing power parity. Growth in per capita income also accelerated to 8.4 per cent in 2006-07 from 7.4 per cent in 2005-06. At the sectoral level, real GDP growth originating from agriculture and allied activities decelerated from 6.0 per cent in 2005-06 to 2.7 per cent in 2007, partly attributable to base effect and uneven monsoon. While the total food grains production increased marginally, non-food grains production has been lower than the earlier level. Real GDP growth originating from industrial sector, on the other hand, increased to 11.0 per cent in 2006-07 from 8.0 per cent recorded in 2005-06 mainly due to strong manufacturing activity. This has been substantiated by the movements in the index of industrial production also. The growth in IIP accelerated from 8.2 per cent in 2005-06 to 11.5 per cent in 2006-07. In terms of use based classification, while acceleration in growth was observed in basic goods, capital goods and intermediate goods, there has been a deceleration in the case of consumer goods.

The infrastructure sector witnessed improved performance during 2006-07 over its subdued performance in the preceding two years. However, the growth in infrastructure sector was lower than the overall industrial growth. However, growth in infrastructure industries (with a weight of 26.7 per cent in the IIP) increased to 8.6 per cent in 2006-07 from 6.2 per cent in the previous year. The improvement in the performance of infrastructure was due to turn around in the growth in crude petroleum and higher growth in electricity and petroleum refinery products. Small scale industries continued to record a steady progress in 2006-07. This sector accounted for 40 per cent of the industrial output and 47 per cent in the manufactured exports of the economy. Performance of the

corporate sector was optimistic with favourable investment activity together with export and import conditions.

The services sector has been an important sector in the Indian economic growth process in the recent years. GDP originating from the services sector recorded a growth rate of 11.0 per cent in 2006-07 compared to 10.3 per cent in 2005-06. The performance of this sector was mainly driven by trade, hotels, transport and communications (13.0 per cent in 2006-07 against 10.4 per cent in 2005-06). The financing, insurance, real estate and business services have grown by 10.6 per cent as compared to 10.9 per cent in 2005-06. Within this sub sector, GDP emanating from insurance has contributed to 17.0 per cent in 2006-07 which showed an increase over the previous year.

#### Saving and Capital Formation

The CSO released the estimates for GDP at the economy and at sectoral levels for 2006-07. However, the estimates of savings and capital formation are released with a lag of one year i.e., the latest such estimates are released for 2005-06. The RBI estimates the gross financial savings of the household sector and released the same for 2006-07. As such the review pertains to savings and capital formation for 2005-06 and gross financial assets for 2006-07.

Growth during 2006-07 was mostly driven by domestic demand led by investment. Gross domestic savings as a per cent of GDP at current market prices, increased from 31.1 per cent in 2004-05 to 32.4 per cent in 2005-06 as a result of higher increase in private corporate and household savings. The household savings rate has increased from 21.6 per cent in 2004-05 to 22.3 per cent in 2005-06. This was due to an increase in savings in the form of financial assets (11.7 per cent in 2005-06 against 10.2 in 2004-05). There was a marginal decline in household savings in the form of physical assets. The saving rate of private corporate sector has increased from 7.1 per cent in 2004-05 to 8.1 per cent in 2005-06. On the other hand there was a marginal decline in public sector savings from 2.4 per cent of GDP in 2004-05 to



2.0 per cent in 2005-06. While the domestic savings rate increased by 1.3 percentage points in 2005-06, the domestic investment rate increased by 2.3 percentage points from 31.5 per cent in 2004-05 to 33.8 per cent in 2005-06 taking recourse to higher foreign savings to the extent of 1.3 per cent.

Of the gross financial assets of the household sector in 2005-06, currency and deposits constituted 55.8 per cent which is much higher than 45.7 per cent observed in 2004-05, clearly showing the preference of households towards banks. Insurance funds accounted for 14.0 per cent in 2005-06 lower than 15.7 per cent in 2004-05. Of this life insurance funds accounted for 13.4 per cent with postal insurance and state insurance accounting for 0.3 per cent each. As a percentage of GDP insurance funds accounted for 2.3 per cent in 2005-06 more or less at the same level to that in 2004-05. Investments in the form of small savings constituted 12.2 per cent in 2005-06 sharply declining from 19.6 per cent in 2004-05. Provident and pension funds accounted for 10.5 per cent of financial assets of households in 2005-06 as against 13.0 per cent in 2004-05. However, these funds maintained the same share in GDP at 1.8 per cent.

Preliminary estimates place the financial savings of the household sector in 2006-07 at 11.6 per cent of GDP – the same as the revised estimates for 2005-06. Financial assets of the household sector are placed at 18.4 per cent of GDP in 2006-07. Of this, currency and deposits constituted 64.3 per cent much higher than 55.8 per cent observed in 2005-06. Insurance funds accounted for 15.0 per cent; of which 14.6 per cent was constituted by life insurance funds. As a percentage of GDP, insurance funds accounted for 2.8 in 2006-07 as against 2.3 in 2005-06. Postal insurance and state insurance funds constituted 0.2 per cent each. Investments in small savings accounted for 4.9 per cent in 2006-07 which is around one-third of its level in 2005-06. Provident and pension funds accounted for 9.2 per cent of financial assets of households in 2006-07.

### Price Situation

Inflation remained firm in many countries including India during 2006-07 reflecting high commodity prices and strong demand

conditions. Inflation in India, as measured by movements in the whole sale price index on a year on year basis rose to 5.9 per cent on March 31, 2007 from 4.0 per cent a year ago. Supply pressures emanating from higher prices of primary articles and demand pressures due to high growth contributed to the higher inflation rate. Primary articles and manufactured products contributed to the high inflation rate in 2006-07. Shortfalls in domestic supply of major agricultural crops together with high international prices are the major causes for inflation in primary articles. Inflation in primary articles rose to 10.7 per cent on March 31, 2007 from 4.8 per cent a year ago. Inflation in manufactured products was due to strong growth and higher demand and high capacity utilization. Inflation in manufactured products increased to 6.1 per cent on March 31, 2007 from 1.9 per cent a year ago. Fuel group inflation which contributed more to the inflation in the preceding two years (2004-05 and 2005-06) eased significantly in 2006-07. Fuel group inflation as on March 31, 2007 was 1.0 per cent as against 8.3 per cent a year ago and 10.5 per cent two years ago. Base effect and cuts in prices were the causes for this low inflation. However, the fuel group inflation peaked to 9.9 per cent on June 17, 2006 and moderated significantly later. On an average basis, the wholesale price inflation (average of 52 weeks) was higher at 5.4 per cent in 2006-07 compared to 4.4 per cent in 2005-06.

Consumer price inflation was above the wholesale price inflation all through the year, reflecting higher food prices as well as their higher weightage in the basket of consumer goods. Consumer price inflation for industrial workers for the month of March 2007 was 6.7 per cent on a year on basis, which was higher than 4.9 per cent recorded for the same month of the previous year. On an average basis consumer price inflation for industrial workers was 6.7 per cent in 2006-07 higher than 4.4 per cent for the previous year.

### DOMESTIC FINANCIAL MARKETS

Various initiatives were undertaken so as to deepen and widen the domestic financial markets. The implementation of Fiscal Responsibility and Management Act 2003 necessitated several structural and developmental measures in the government securities market. Insurance companies have extended the facility to trading in government securities market on screen

based order-driven anonymous NDS order matching module. Steps were taken to make the Indian capital market more efficient, transparent and investor friendly. During 2006-07, short term interest rates increased further in a number of economies as many central banks tightened the monetary policy to contain inflation and to stabilize inflationary expectations. Financial markets in India remained generally orderly during 2006-07.

### **Money Market**

Money market rates rose up and moved along the policy rates during 2006-07. Some spells of volatility was observed in the money market at certain times due to changes in capital flows and cash balances. There was a rise in the interest rates in various segments of the money market. The call rate averaged to 7.22 per cent during 2006-07 and remained within the corridor during September–December 2006 set by the Reserve Bank's repo and reverse repo rates. Due to tight liquidity conditions, the call rate was higher than the repo rate and the weighted average call rate touched 16.88 per cent on December 29, 2006. Though the call rate eased to some extent at different points of time, thereafter it hardened and reached an intra-year high of 54.32 per cent on March 30, 2007. In line with movements in call rate, the interest rates in the collateralized segments of money market also increased during 2006-07. The collateralized segment (market repo outside Liquidity Adjustment Facility and Collateralized Borrowing and Lending Operations) accounted for about 70 per cent of the total volume. The interest rates in the market repo segment averaged to 6.34 per cent. In the Collateralized Borrowing and Lending Operations, the interest rates averaged to 6.24 per cent.

Interest rates in both these markets were lower than call money rates. The interest rates in the collateralized segments of the money market though hardened were below the call rates during 2006-07. Some of the major lenders in the CBLO markets are the mutual funds and insurance companies.

Interest rates in other segments of money market also increased. The weighted average discount rate of Certificates of Deposit increased from 8.62 per cent at end March 2006 to 10.75 per cent at end March 2007. Similarly, the weighted average discount rate of Commercial Paper increased from

8.59 per cent during the fortnight ended March 31, 2006 to 11.33 per cent during the fortnight ended March 31, 2007.

### **Foreign Exchange Market**

The Indian currency exhibited two way movements in the range of Rs.43.14 to Rs.46.97 per US dollar during 2006-07. The rupee initially depreciated against US dollar due to higher crude oil prices and FII outflows. Subsequently, the rupee strengthened backed up by moderation in crude oil prices, large capital inflows and weakness in US dollar in international markets. The exchange rate was Rs.43.60 per US dollar at end March 2007. The Indian rupee appreciated by 2.3 per cent against US dollar, 2.7 per cent against Japanese Yen; however it depreciated by 9.1 per cent against Pound sterling and 6.8 per cent against Euro. Forward premia also increased during 2006-07 due to interest rate differentials. In view of increase in domestic flows remaining in excess of the current account deficit, the overall balance of payments showed a surplus resulting an accretion of US \$ 47.6 billion to the foreign exchange reserves. Foreign exchange reserves comprising of gold, SDR, foreign currency assets and reserve position at IMF – reached to US \$ 199.2 billion at end March 2007.

### **Government Securities Market**

Yields on government securities in the secondary market hardened during 2006-07. The government securities market showed an increase in short term as well as long term yield. Yields on 10 year paper moved up from mid-April 2006 and reached the intra-year peak of 8.40 per cent on July 11, 2006. This upward movement was basically due to sustained domestic demand for credit, higher crude oil prices, hike in domestic fuel prices and reverse repo rate. The 10 year yield was 7.97 per cent as on March 31, 2007 which was 45 basis points higher than the level as on March 31, 2006. The yield curve flattened during 2006-07 with spread between 1 year and 10 year narrowed down to 42 basis points at end-March 2007 from 98 basis points at end March 2006. The gap in yields between 5 year government securities and 5 year AAA-rated bonds has widened to 142 basis points by end-March 2007 from 91 basis points at end-March 2006.

**Primary Market**

Resources raised from primary market through public issues increased to Rs.32,382 crore during 2006-07 from Rs.26,940 crore mobilized in 2005-06. However, the number of public issues (119) were lower than 138 in the previous year. All the issues were by private sector excepting for one. Of the 119 issues 116 were for equity and the remaining 3 for debt. The total resources mobilized through equity were Rs.31,535 crore. Of the 119 public issues, 75 issues were initial public offerings. The Indian corporate sector relied heavily on private placement route. The private corporate sector mobilized Rs.84,307 crore through 1539 private placements more than double the amount mobilized in 2005-06. Moreover the resources raised by Indian corporates from the American Depository Receipts and Global Depository Receipts have increased by 49.8 per cent to Rs.17,005 crore during 2006-07 from Rs.11,352 crore in 2005-06. ADRS accounted for Rs.8268 crore and GDRS for Rs.8737 crore. The net resources mobilized by Mutual Funds increased by 78.1 per cent to Rs.93,985 crore in 2006-07 from Rs. 52779 crore in the previous year. Net assets managed by Mutual Funds also increased significantly by 40.7 per cent to Rs.3,26,292 crore from Rs.2,31,863 crore in 2005-06. Bulk of resources mobilized by Mutual Funds during 2006-07 was under debt market schemes. This may be partly attributed to risk aversion on the part of investors.

**Secondary Market**

Indian Stock market gained further in 2006-07. The BSE Sensex increased by 15.9 per cent at end March 2007 over and above the increase of 73.7 per cent a year ago. Strong corporate profitability, continued liquidity support from FIIS and domestic mutual funds buoyed up the stock market. The domestic stock market moved in line with the developments in global equity markets. On February, 2007 the BSE sensex moved to 14652, an all time high, before closing at 13072 on March 30, 2007. As such the market capitalization of the BSE increased by 17.3 per cent. Activity in the wholesale debt market was however subdued with turnover declining by 53.9 percent to Rs.219106 crores in 2006-07.

To sum up, the domestic financial markets remained orderly during 2006-07 although there was some volatility especially in the last two weeks of March, 2007. Interest rates have edged up in all the market segments and moved in tandem

with the policy changes. The foreign exchange market exhibited a two way movement and the stock markets reached record highs in 2006-07.

**EXTERNAL SECTOR**

Sustained growth and vibrancy in the external sector was reflected in India's balance of payments during 2006-07. Net surplus under invisibles financed the large merchandise gap. As such, the current account deficit remained modest and as a proportion of GDP was 1.1 per cent in 2006-07; the same level as in 2005-06. The overall balance was a surplus resulting into further increase in foreign exchange reserves. Net capital flows increased in 2006-07 reflecting the investors' confidence in India's growth prospects. During 2006-07 net capital flows were US Dollar 44.9 billion constituting external commercial borrowings and foreign direct investment. Foreign direct investment increased by US \$19.5 billion due to progressive liberalization of FDI policy and simplification of procedures. Among the emerging economies, India has emerged as the second most preferred country next to China for FDI. The net external assistance India received worked out to US \$ 1.8 billion during 2006-07. India, in the form of technical cooperation and training, is also extending assistance to other countries like Bhutan, Nepal etc.

Global economic growth in 2006 accelerated to 5.5 per cent from 4.9 per cent in 2005. The slow down in US was compensated by accelerated growth in Japan and Euro area. Among the developing economies, China and India continued to exhibit strong growth. Increase in global demand was reflected in growth in volume of world merchandise trade from 7.5 per cent in 2005 to 9.4 per cent in 2006. According to IMF, the global growth may be some what moderated to 5.2 per cent in 2007. This may result into decrease in volume of trade and private capital flows. The volume of world trade is expected to decelerate to 7.1 per cent in 2007. Uncertainties in international oil prices, inflationary expectations may be the downside risks in the growth prospects.

**First Quarter Review**

Industrial production remained buoyant during April-June 2007, led by manufacturing activity. The growth in IIP during

this period accelerated to 11.0 per cent compared to 8.0 per cent observed in the corresponding period of 2006. According to use based classification while basic, capital and consumer goods showed higher growth, intermediate goods showed a deceleration. The growth in infrastructure industries was 6.9 per cent during this period as against 7.4 per cent observed in April-June 2006. The lead indicators presented a mixed response in the performance of services sector. Wholesale price inflation has moderated to 4.1 per cent on August 4, 2007 from 5.9 per cent at the end March 2007 and 5.1 per cent a year ago. Fuel group inflation turned negative due to cuts in domestic fuel prices. However, international crude oil prices increased from its march level. Primary articles inflation was 9.4 per cent (5.2 per cent a year ago) and manufactured products inflation was 4.4 per cent (3.8 per cent a year ago). The average wholesale inflation price increased to 5.4 per cent on August 4, 2007 from 4.4 per cent a year. Consumer price inflation continued to be higher than WPI inflation mainly because of higher prices for food articles and their higher weight in the consumer basket. Financial markets have remained stable upto June 2007. Short term interest rates have eased from end March 2007 levels. Overnight interest rates exhibited volatility due to movements in Government cash balances. Call rates were below 1 per cent on a number of occasions in June 2007. During May-July 2007 the call rates averaged to 3.37 per cent. During that period, the rates in the collateralised segment were lower than the call rate; 2.15 per cent in CBLO and 2.49 per cent in market repo. Upto August 17, 2007 the Indian rupee moved in the range of Rs.40.24 to 43.15 per US dollar. In the secondary market of government securities, the yield on 10 year security moved in the range of 7.80 to 8.41 per cent upto August 17, 2007. The 10-year yield was 8.01 per cent as on that day four basis points higher than end March 2007. To sum up, the growth momentum of 2006-07 is continuing in the current financial year also. Inflation has eased, but inflationary expectations have not totally subsided. International oil prices are hardening. The slow down in US economy is continuing with more integration among countries, the risks transfers may be quicker.

## B. APPRAISAL OF INSURANCE MARKET

The contours of insurance business have been changing across the globe and the ripple effects of the same can be observed in the domestic markets as well. 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 intermediation services, transferring funds from the insured to capital investment, which is critical for continued economic expansion and growth, simultaneously generating long-term funds for infrastructure development. In fact investments in infrastructure are ideal for asset-liability matching for life insurance companies given their long term liability profile. Development of the insurance sector is necessary to support the structural changes in the economy. Social security and pension reforms too benefit from a mature insurance industry. The insurance sector in India, which was opened-up for private participation in the year 1999 has completed seven years in a liberalized environment. Since opening up of the insurance sector in 1999, 24 private companies have been granted licenses by 31<sup>st</sup> March, 2007 to conduct business in life and general insurance. Of the 24, 15 were in the life insurance and nine (including a standalone health insurance company) in general insurance. During the last seven years capital amounting to Rs.9625.28 crore was brought in by the private players, of which the contribution of the foreign partners has been Rs.2174.28 crore. During this period the average annual growth of first year premium in the life segment worked out to 47.06 per cent and in the non-life segment it was 16.87 per cent. The industry services the largest number of life insurance policies in the world. Yet Indian insurance industry has scope to further expansion with a large untapped potential.

The Authority and the industry have been playing an active role in increasing consumer awareness. 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 insurers are increasingly introducing innovative products to meet the specific needs of the prospective policyholders.



Innovative products, imaginative marketing, and aggressive distribution enabled fledgling private insurance companies to sign up Indian customers' faster belying expectations at the time of opening up of the sector. At the time of opening up of the sector, life insurance was viewed as a tax saving device. Of late policyholders' perspective is slowly changing towards taking insurance cover irrespective of tax incentives. The insurable populace is looking for products which suit their specific requirements. As of now a variety of choices are available in the market meeting the requirements of different cross-sections of the society and across age groups.

TABLE 1

## KEY MARKET INDICATORS

Life and non-life market in India (Total Premium)	Rs.181971.61 crore (US \$ 41.74 billion)
Global insurance market	US \$ 3723 billion
(as on 31 <sup>st</sup> December, 2006)	Inflation adjusted growth: 5.0 per cent
Growth in premium underwritten in India and abroad in 2006-07	Life: 47.38 per cent Non-life: 21.51 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

With the registration of Bharti Axa Life Insurance Co. Ltd., the number of companies operating in the life insurance industry has increased to sixteen. The new entrant commenced underwriting life premium in August, 2006.

By end March 2007, there were sixteen life and sixteen non-life insurance companies (including the national re-insurer). Apollo DKV, another standalone health insurance company and Future Generali Insurance Co. Ltd. and Future Generali Indian Life insurance Co. Ltd. were granted Certificate of Registration in 2007-08 and are in the process of commencing operations.

TABLE 2

## NUMBER OF REGISTERED INSURERS IN INDIA

Type of business	Public Sector	Private Sector	Total
Life Insurance	1	16*	17
General Insurance	6	11 <sup>^</sup>	17
Re-insurance	1	0	01
<b>Total</b>	<b>8</b>	<b>27</b>	<b>35</b>

\* One has been granted registration in 2007-08

<sup>^</sup> Two have been granted registration in 2007-08

Of the non-life insurance companies in the public sector, there are two specialized insurance companies viz. Agricultural Insurance Company, which handles Crop Insurance business and Export Credit Guarantee Corporation which transacts export credit insurance. In addition, there are two standalone health insurance companies in the private sector, of which one is yet to commence operations.

## Expansion of Offices

While there were 2199 offices in the life insurance industry by March 2001, the number has increased to 5373 by the end of 2006-07. During the period, while the number of offices of LIC has increased from 2186 to 2301 the offices of the private sector players increased from a mere 13 in 2001 to 3072 in 2006-07.

TABLE 3

DISTRIBUTION OF OFFICES OF LIFE INSURERS AS ON 31<sup>st</sup> MARCH, 2007\*

Insurer	Metro	Urban	Semi-urban	Others	Total
Private total	316	848	1362	546	3072
LIC	233	499	797	772	2301
<b>Industry total</b>	<b>549</b>	<b>1347</b>	<b>2159</b>	<b>1318</b>	<b>5373</b>

\* Offices opened after seeking approval of the Authority

Note: 1) Data collected from life insurers through a special return.

2) Based on the HRA classification of places done by the Ministry of Finance.

Metro : Delhi, Mumbai, Chennai and Kolkata.

Urban : A, B-1 and B-2 class cities of the HRA classification.

Semi-urban : C class cities of the HRA classification.

Others : Places not listed in the HRA classification.

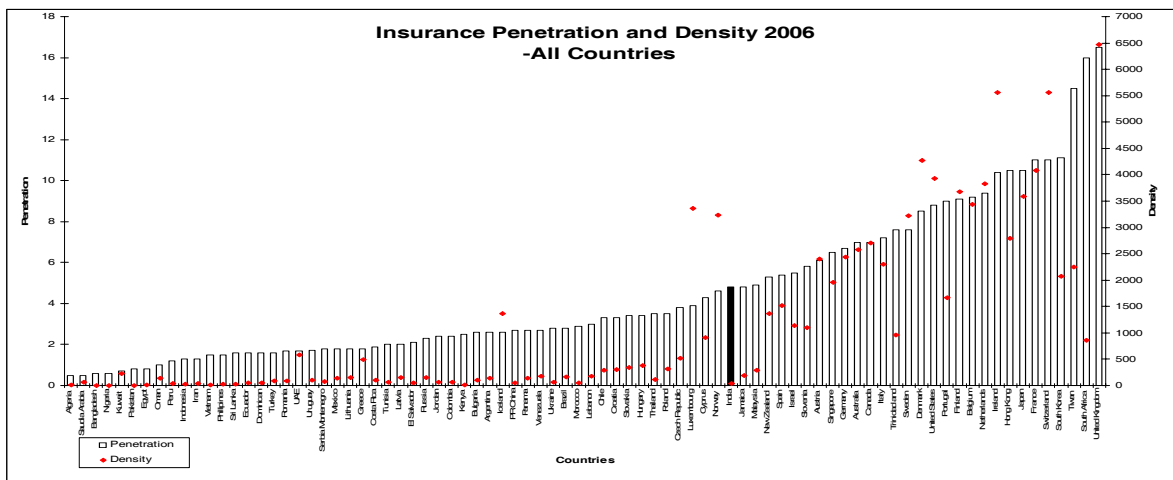
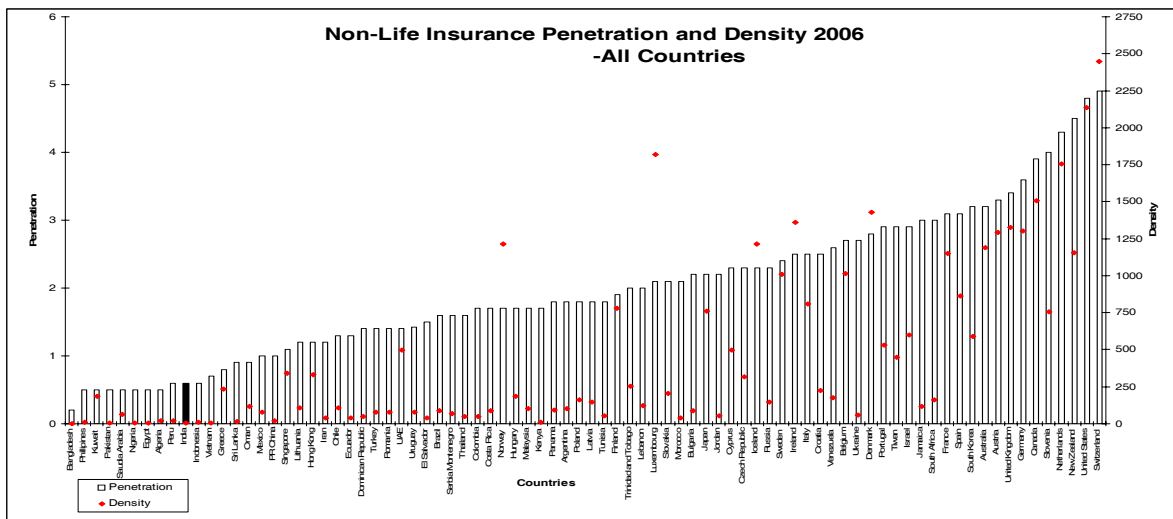
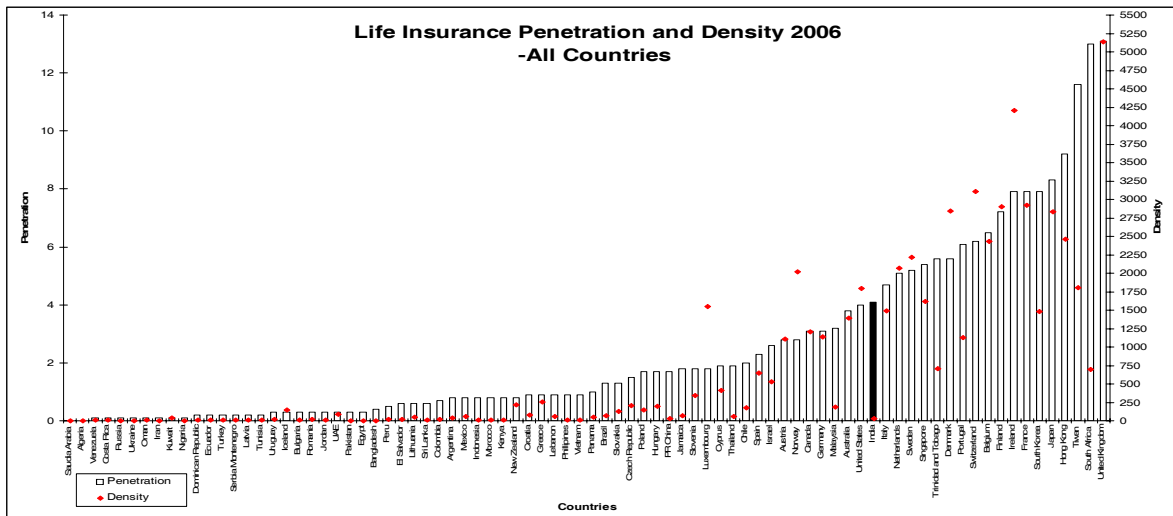


CHART 1

- Left hand vertical Scale indicates Penetration where r.h.s. indicates density.
- Dots indicate density
- Bars indicates India's position
- Insurance Penetration is measured as ratio (in Per Cent) of premium to GDP
- Insurance Density is measured as ratio of premium to total population

Source: Swiss Re, Sigma

Of the 5373 life insurance offices in India, 549 are located in metro areas, 1347 in urban areas and 2159 are operating in semi-urban areas. Remaining 1318 are in areas other than the above. The above classification is based on the HRA classification of the Ministry of Finance. LIC has 233 offices in the metro cities, 499 in the urban areas and 797 in the semi-urban areas.

### **i) World Insurance Scenario**

Worldwide insurance premium amounted to US \$ 3723 billion in 2006 comprising of US \$ 2209 billion in life and US \$ 1514 billion in general insurance business. At this level the premium has increased by 5.0 per cent in real terms in 2006 as compared to 2.5 per cent in 2005. The growth in life insurance premium was about 7.7 per cent which is the highest since 2000. It may be interesting to note that in most of the countries the growth in life insurance premium was faster than growth in the economic activity. Booming stock markets favouring unit linked products, regulatory changes and tax incentives helped in increasing demand for life insurance. With increasing aging population and governments moving from public to private pension schemes, the demand for life insurance products has also increased. In emerging markets, the growth in life insurance tripled to 21.1 per cent from 7.5 per cent in 2005. Strong economic growth and catch-up dynamics had positive impact on the growth trend. The profitability of life business continued to improve in many countries as costs were cut, guaranteed interest rates were reduced and profit participations was adjusted to reflect the low interest rate environment. All these improvements have reflected in the increased level of life insurers' risk capital.

The global non-life business grew by 1.5 per cent in 2006 recovering from previous year's stagnation. The global growth performance in non-life business varied between industrialized countries and emerging markets. While industrialized countries had shown a small growth of 0.6 per cent, the emerging markets exhibited a robust growth of 11.0 per cent in the non-life insurance business. This growth was higher than 7 per cent recorded in 2005. In emerging markets, strong economic developments and introduction of mandatory cover in areas such as motor, third party liability and health were key drivers of growth. However, there was a downward pressure on premium rates in non-catastrophe lines of business. Strong

underwriting discipline and absence of major catastrophes helped improving the profits of general insurance business in 2006. As some of the Asian economies like Hong Kong, Singapore, Taiwan and South Korea are being reclassified as industrialized countries, the premium share of industrialized countries increased to 92.0 per cent in 2006 from 87.0 per cent in 2005. The share of emerging markets in the total world premium was 8.0 per cent in 2006.

The insurance penetration in a country depends on its level of economic activity, risk awareness among the people and the deepening of the financial system. It is therefore desirable to assess India's position vis-à-vis other countries with respect to insurance penetration and density. This has been shown in Chart 1.

The global outlook for 2007 suggests a mixed picture. While healthy growth is expected in life insurance with strong development of savings and pension products, the non-life insurance premiums are likely to stagnate. The outlook for profits remains robust with life sector making further progress on profitability. The combined ratios for non-life insurance are expected to deteriorate due to sluggish premium growth thereby affecting profitability.

### **ii) Indian Insurance Industry**

With large population and untapped market, insurance is a big opportunity in India. The insurance business (measured in the context of first year premium) registered an impressive growth of 94.96 per cent in 2006-07, surpassing the growth of 47.94 per cent achieved in 2005-06. This has resulted in increasing insurance penetration in the country. Insurance penetration or premium volume as a ratio of GDP, for the year 2006 stood at 4.10 per cent for life insurance and 0.60 per cent for non-life insurance. The level of penetration, particularly in life insurance, tends to rise as income levels increase. India, with its huge middle class households, has exhibited growth 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 in India has witnessed dynamic changes including presence of a 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 improved the customer service. It has a positive impact on the economy in terms of income generation and employment opportunities in the sector.

### I) Life Insurance

The total capital of the life insurers at end March 2007 stood at Rs.8124.41 crore. The addition to the capital during 2006-07 was Rs.2232.36 crore and the entire capital was brought in by the private insurers. The domestic and the foreign joint venture partners added Rs.1777.96 crore and Rs.454.40 crore respectively.

**TABLE 4**  
**PAID UP CAPITAL : LIFE INSURERS**  
(Rs.Crore)

INSURER	2005-06	2006-07
LIC	5.00	5.00
PRIVATE SECTOR	5887.05	8119.41
<b>TOTAL</b>	<b>5892.05</b>	<b>8124.41</b>

There has been no infusion of capital in the case of LIC which stood at Rs.5 crore.

### Innovations in Products

Growth in insurance industry has been spurred by product innovation, active sales and distribution channels coupled with targeted advertising and marketing campaigns by the insurers. 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. The insurers have also introduced special products aimed at the rural markets.

Introduction of unit-linked insurance plans (ULIPs) has been, possibly, the single-largest innovation in the field of life insurance in India. 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. The Authority prescribed guidelines for Unit Linked products, stipulating minimum level of sum assured, minimum

period of premium payment and several other requirements including NAV computation methodology. 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 the last seven years, the rates have been revised downwards, and are significantly lower than those prevailing prior to opening up of the sector. The life insurance market has become competitive to the benefit of the policyholders. Simultaneously, industry has been constantly evolving and improving upon its underwriting and risk management abilities. The reduction of term rates has simultaneously facilitated increase in the level of sum assured for policies. This higher level of protection implies 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 further 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 a necessity and presents an opportunity for growth in the country, and forms a significant part of portfolio of life insurers. More recently, private life insurers with their expertise in long-term mortality and morbidity introduced annuities.

The growth in group insurance business 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 such scope for innovation, the life insurance sector is expected to maintain the growth momentum of new premium in future.

### New Policies

New policies underwritten by the industry were 461.52 lakh as against 354.62 lakh during 2005-06 showing an increase of 30.14 per cent. While the private insurers exhibited a growth of 104.64 per cent, (previous year 73.37 per cent), LIC showed a growth of 21.01 per cent as against 31.75 per cent in 2005-06.



TABLE 5

## NO. OF NEW POLICIES ISSUED : LIFE INSURERS

Insurer	2005-06	2006-07
LIC	31590707 (31.75)	38229292 (21.01)
Private Sector	3871410 (73.37)	7922274 (104.64)
<b>Total</b>	<b>35462117</b>	<b>46151566</b>

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

The market share of the private insurers and LIC, in terms of policies underwritten, was 17.17 per cent and 82.83 per cent as against 10.92 per cent and 89.08 per cent respectively in 2005-06.

## Premium

Life insurance industry recorded a premium income of Rs.156041.59 crore during 2006-07 as against Rs.105875.76 crore in the previous financial year, recording a growth of 47.38 per cent. The regular premium, single premium and renewal premium in 2006-07 and their contribution to total premium were Rs.45358.93 crore (29.07 per cent); Rs.30258.32 crore (19.39 per cent); and Rs.80424.34 crore (51.54 per cent), respectively. In 2000-01, when the industry was opened up for the private players, the life insurance premium was Rs.34,898.48 crore which comprised of Rs.6966.95 crore (19.96 per cent) of the regular premium, Rs.25191.07 crore (72.18 per cent) of renewal premium and Rs.2740.45 crore (7.86 per cent) of single premium.

Life insurance industry underwrote first year premium (comprising of single premium and regular premium) of Rs.75617.25 in 2006-07 as against Rs.38785.54 crore in 2005-06 recording a growth of 94.96 per cent as against 47.94 per cent in 2005-06. The growth in first year premium was fuelled by increased sale of unit linked products. This trend is being observed for the last three years. It is observed that LIC is also shifting its marketing strategy in favour of unit linked products. The shift towards unit linked products can also be seen through the increase in single premium policies issued by the insurers. LIC reported growth rates of 166.65 and 9.71 per cent, in single premium individual policies and non-single

premium policies respectively. As against these, private insurance companies reported growth rate of 42.96 per cent, 105.56 per cent respectively. Due to the unprecedented growth in the first year premium underwritten in 2006-07, the proportions of the first year premium and renewal premium to the total premium has witnessed a shift.

TABLE 6

## PREMIUM UNDERWRITTEN BY LIFE INSURERS

(Rs.Crore)

Insurer	2005-06	2006-07
<b>Regular premium</b>		
LIC	13728.03 (17.75)	29886.34 (117.70)
Private Sector	7526.88 (78.23)	15472.58 (105.56)
<b>Total</b>	<b>21254.91</b> (33.84)	<b>45358.93</b> (113.40)
<b>Single premium</b>		
LIC	14787.84 (64.40)	26337.21 (78.10)
Private Sector	2742.78 (104.46)	3921.10 (42.96)
<b>Total</b>	<b>17530.62</b> (69.60)	<b>30258.32</b> (72.60)
<b>First Year premium</b>		
LIC	28515.87 (38.07)	56223.56 (97.17)
Private Sector	10269.66 (84.55)	19393.69 (88.84)
<b>Total</b>	<b>38785.54</b> (47.94)	<b>75617.25</b> (94.96)
<b>Renewal premium</b>		
LIC	62276.35 (14.32)	71599.27 (14.97)
Private Sector	4813.86 (122.56)	8825.05 (83.33)
<b>Total</b>	<b>67090.21</b> (18.46)	<b>80424.33</b> (19.87)
<b>Total premium</b>		
LIC	90792.22 (20.85)	127822.84 (40.79)
Private Sector	15083.53 (95.19)	28218.75 (87.08)
<b>Total</b>	<b>105875.76</b> (27.78)	<b>156041.59</b> (47.38)

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

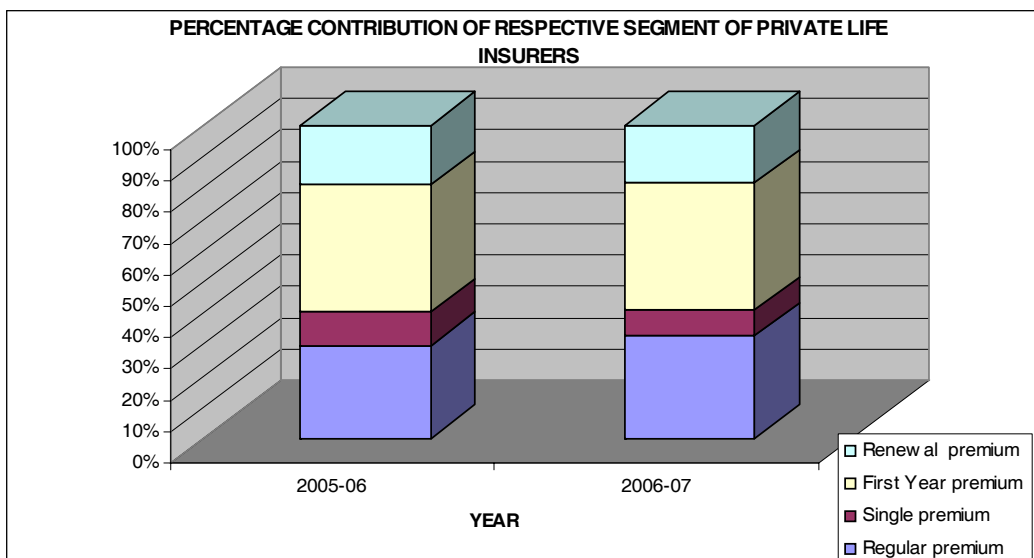
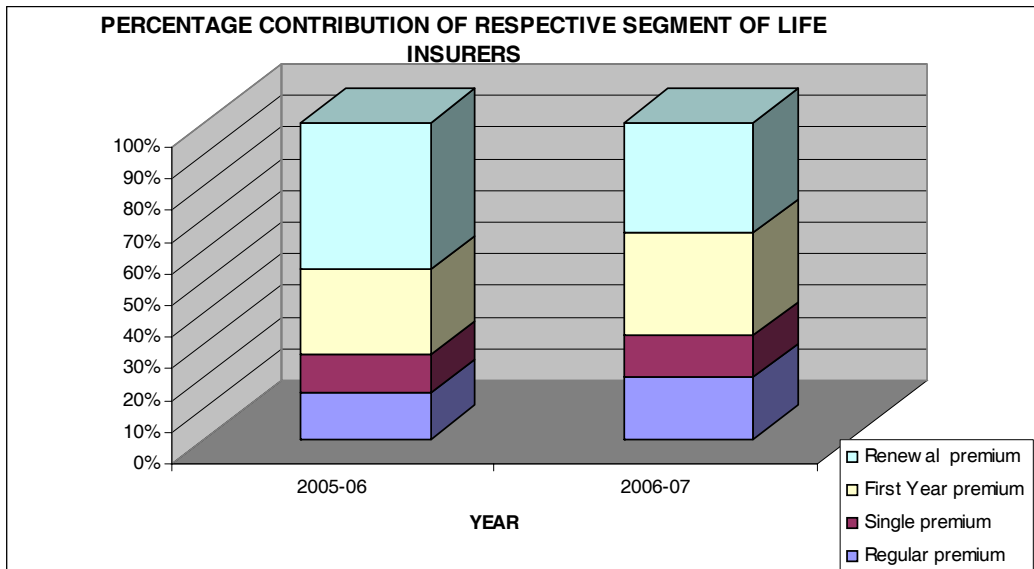
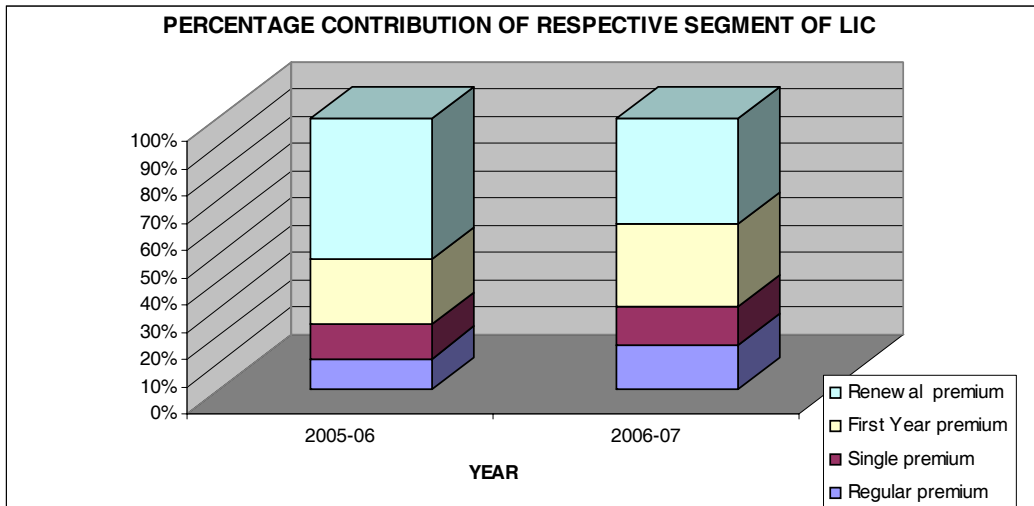


CHART 2

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 favourable growth in total premium for both LIC (40.79 per cent) and private insurers (87.08 per cent) in 2006-07. The private insurers have improved their market share from 14.25 per cent in 2005-06 to 18.08 per cent in 2006-07 in the total premium collected in the year.

Segregation of the first year premium underwritten during 2006-07 indicates that Life, Annuity, Pension and Health contributed 67.40; 2.62; 29.94 and 0.04 per cent to the premium underwritten, as against 73.57; 4.30; 22.11 and 0.02 per cent respectively in the previous year. The shift in favour of pension products is visible for the third consecutive year.

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 2006-07 grew by 19.87 per cent as against 18.46 per cent in 2005-06. The private insurers and LIC reported growths of 83.33 per cent and 14.97 per cent respectively during the year.

**TABLE 7**  
**MARKET SHARE OF LIFE INSURERS** (Per cent)

Insurer	2005-06	2006-07
<b>Regular Premium</b>		
LIC	64.59	65.89
Private Sector	35.41	34.11
<b>Total</b>	<b>100.00</b>	<b>100.00</b>
<b>Single Premium</b>		
LIC	84.35	87.04
Private Sector	15.65	12.96
<b>Total</b>	<b>100.00</b>	<b>100.00</b>
<b>First Year Premium</b>		
LIC	73.52	74.35
Private Sector	26.48	25.65
<b>Total</b>	<b>100.00</b>	<b>100.00</b>
<b>Renewal Premium</b>		
LIC	92.82	89.03
Private Sector	7.18	10.97
<b>Total</b>	<b>100.00</b>	<b>100.00</b>
<b>Total Premium</b>		
LIC	85.75	81.92
Private Sector	14.25	18.08
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Segregation of first year premium revealed consolidation towards linked products, with premium underwritten at Rs.42894.71 crore in 2006-07 as against Rs.16060.67 crore in 2005-06, a growth of 167.08 per cent. The non-linked premium was Rs.32464.12. crore as against Rs.19804.33 crore in 2005-06, a growth of 63.92 per cent. Linked and non-linked business accounted for 56.92 and 43.08 per cent of total business in 2006-07 as against 44.78 and 55.22 per cent respectively in 2005-06. The shift in preference for linked products has coincided with the continued positive performance of the stock markets in the country. LIC too showed a tactical shift towards promoting linked products, with 46.31 per cent of the first year premium derived from this segment in 2006-07 while the non-linked premium contributed 53.69 per cent to the first year premium. In the case of private insurers, these proportions were 87.47 and 12.53 per cent respectively in 2006-07 as against 82.48 and 17.52 per cent in 2005-06. Response to unit linked products in the last three years reflects the preference of people to 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 reflects its recognition of the customers' choice.

#### Expenses of the life insurers

Section 40 B of the Insurance Act, 1938 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. Expenses of management include all commission payments and operating expenses. The Insurance Rules, 1939 further lay down the manner of computation of the prescribed limits. A major expense head for the life insurers is commission paid to the intermediaries. As against the industry average of 16.65 per cent (22.59 per cent in 2005-06), LIC incurred an expense of 16.04 per cent (25.26 per cent in 2005-06) towards commission on first year premium; for the private insurers this ratio worked out to 17.84 per cent (17.72 per cent in 2005-06). The commissions paid by LIC towards the single premium were 1.56 per cent as against the average ratio of private insurers at 1.08 per cent. The industry average was 1.50 per cent. The total pay-out by the life insurance industry on account of commissions in 2006-07 stood at Rs.12283.24 crore as against Rs.8643.29 crore in 2005-06. (Table 8) It was observed that the commissions paid by the life insurance companies for procurement of fresh business

has increased compared to the previous year, pointing to increasing competition in the sector.

Management expenses of private insurers have stabilized in 2006-07, except for new entrant Bharti Axa Life exceeding the limits prescribed under the Act. Thus, all the life insurance companies except Bharti Axa complied with the stipulations on expenses of management. However, in the case of Bharti Axa, the excess was within the norms for the life insurance industry. With the growth in business and stabilization of operations, four private life insurers who exceeded the prescribed limits in 2005-06, were compliant with the prescribed norms in 2006-07. In the case of LIC, the expenses of management continued to be within the allowable limits.

**TABLE 8**  
**COMMISSION EXPENSES OF LIFE INSURERS**

(Rs.Crore)

Insurer	2005-06	2006-07
	<b>Regular Premium</b>	
LIC	3468.25	4792.32
Private Sector	1333.57	2760.17
<b>Total</b>	<b>4801.83</b>	<b>7552.50</b>
<b>Single Premium</b>		
LIC	162.08	411.42
Private Sector	29.33	42.51
<b>Total</b>	<b>191.41</b>	<b>453.94</b>
<b>First Year</b>		
LIC	3630.33	5203.75
Private Sector	1362.91	2802.69
<b>Total</b>	<b>4993.24</b>	<b>8006.44</b>
<b>Renewal</b>		
LIC	3469.85	3969.82
Private Sector	180.19	306.96
<b>Total</b>	<b>3650.04</b>	<b>4276.79</b>
<b>Total</b>		
LIC	7100.19	9173.58
Private Sector	1543.10	3109.65
<b>Total</b>	<b>8643.29</b>	<b>12283.24</b>

Alternate channels of distribution like bancassurance, direct marketing, internet and telemarketing have enabled the insurers to reduce costs. While agency force remained the mainstay of most insurance companies, insurers are making efforts to explore new channels including the bancassurance route both with commercial cooperative banks and rural regional 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 major expense heads for the private insurers were employee expenses at 37.97 per cent (37.44 per cent in 2005-06); training expenses (including agents' training and seminars) at 7.01 per cent (5.90 per cent in 2005-06); and advertisement and publicity at 8.89 per cent (10.82 in 2005-06). Employee remuneration and welfare benefits accounted for 57.53 per cent of the operating expenses of LIC in 2006-07 as against 59.57 per cent in the previous year. Compared to LIC, the private sector insurers have leaner organizational structures. The industry average worked out to 48.15 per cent as against 51.35 per cent in 2005-06.

**TABLE 9**  
**OPERATING EXPENSES OF LIFE INSURERS**

(Rs.Crore)

INSURER	2005-06	2006-07
LIC	6041.56	7080.86
PRIVATE SECTOR	3569.48	6520.04
<b>TOTAL</b>	<b>9611.04</b>	<b>13600.91</b>

Operating expenses as a per cent of gross premium underwritten for the private insurers worked out to 23.11 per cent (23.67 per cent in 2005-06), indicating stabilization of operating costs. In the case of LIC, operating expenses constituted 5.54 per cent of the gross premium underwritten in 2006-07 as against 6.65 per cent in 2005-06. The average for the life insurance companies stood at 8.72 per cent in 2006-07 as against 9.08 per cent in 2005-06. However, given that the industry is in the expansion mode and companies have sought permission to expand their office network, it is expected that the expense limits may be breached in the current year.

### Benefits Paid

The life industry paid gross benefits of Rs.55768.68 crore in 2006-07 (Rs.35263.45 crore in 2005-06) constituting 35.74 per cent of the gross premium underwritten (33.31 per cent in 2005-06). The benefits paid by the private insurers showed an increase of 89.05 per cent at Rs.2470.27 crore (Rs.1306.65 crore in 2005-06), constituting 8.75 per cent of the premium underwritten (8.66 per cent in 2005-06). LIC paid benefits of Rs.53298.41 crore in 2006-07, constituting 41.70 per cent of the premium underwritten by them (Rs.33956.80 crore in 2005-06, 37.40 per cent of the total premium underwritten). The benefits paid by the life insurers net of re-insurance was Rs.55715.01 crore (Rs.35209.86 crore in 2005-06). There has been a significant increase in the benefits paid on account of surrenders/withdrawals which stood at Rs.17532.60 crore as against Rs.4622.19 crore in 2005-06. It is expected that with the stipulation of minimum lock-in period of three years for ULIP products, surrender value as a per cent of premium underwritten would come down.

### Investment income

As the operations of the life insurers stabilize, their investment base gets strengthened, resulting in investment income forming a larger proportion of their total income. In the case of LIC, the investment income including capital gains was higher at Rs.46800.52 crore in 2006-07 compared to Rs.40056.35 crore in 2005-06. However as a percentage of total income, it declined to 26.80 per cent in 2006-07 from 30.61 per cent in 2005-06. As against this, the share of investment income to the total income for the private life insurers increased to 8.88 per cent in 2006-07 (7.50 per cent in 2005-06). Companies have also reported an improvement in the yields on their investments. The investment income of the private insurers, inclusive of capital gains, was Rs.2747.32 crore in 2006-07 as against Rs.1222.42 crore in 2005-06. The industry is still in the process of stabilizing and despite additional contributions by way of share capital, would require time to reach the consolidation stage.

### Profits of 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 was the first private company to report net profit of Rs.2.03 crore in 2005-06. It reported higher net profit of Rs.3.84 crore in 2006-07. The company has succeeded in achieving an early break-even on account of its lower cost of operations, as it has been able to leverage the network of its Indian partner the State Bank of India. However, the insurer still continues to report a deficit in the Revenue account. Shriram Life, which commenced operations in February, 2006, too reported net profit for the second successive year of operations. It reported net profit of Rs. 10.89 crore in 2006-07 as against Rs.2.50 crore in 2005-06. The company's operations have, however still to take off in a significant manner (Statement 5). The new business underwritten by the insurer in 2006-07 was slightly above Rs.180 crore.

All the private insurance companies reported deficit in their Policyholders Account in 2006-07, which needed injection of further capital by the shareholders (except for Sahara Life and Shriram Life). However, some of the business segments of individual insurers continued to report surplus. Other than Shriram, all the private insurers transferred funds from the Shareholders' Account to the Policyholders' Account to bridge the deficit in the Policyholders Account so as to meet the stipulations of the Authority for declaration of bonus in case of deficit in the Policyholders' Account. The total losses of the private insurers as on 31st March, 2007 stood at Rs.5585.15 crore as against Rs.3637.41 crore on 31<sup>st</sup> March, 2006, i.e., an increase of 53.56 per cent over the previous year. The continued financial support through equity injections reflected the promoters' commitment towards stabilizing the respective insurer's operations. During 2006-07 insurers continued to declare bonus despite reporting deficit in the



Policyholders' Account. It may be recalled that in 2003-04, recognizing the need of the new insurers to declare bonus 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. This relaxation has now been extended upto a period of seven years from commencement of operations.

**TABLE 10**  
**DIVIDENDS PAID : LIFE INSURERS**

(Rs.Crore)

Insurer	2005-06	2006-07
LIC	621.77	757.81
Private Sector	-	-
<b>Total</b>	<b>621.77</b>	<b>757.81</b>

LIC continued to report surplus in the Policyholders' Account in 2006-07. Surplus in the said account, adjusted for interim bonus and allocation of bonus to policyholders was Rs.757.8 crore as against Rs.621.77 crore in 2005-06. LIC transferred Rs.757.81 crore to the Government of India (Rs.621.77 crore in 2005-06) complying with the provisions of Section 28 of the LIC Act, 1956.

### Retention Ratio

LIC traditionally re-insures a small component of its business. During 2006-07, Rs.41.67 crore was ceded as re-insurance premium (Rs.34.54 crore in 2005-06). Similarly, in the case of private insurers, a small component of the business was reinsured, with group business forming the major component of the re-insurance cessions. The private insurers together ceded Rs.160.05 crore (Rs.101.62 crore in 2005-06) as premium towards re-insurance. 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 2006-07 was towards unit linked products. However, with the new Unit Linked guidelines coming in force with effect from 1<sup>st</sup> July, 2006, stipulating a minimum sum assured in

respect of unit linked products, the re-insurance parameters may also undergo some change. (Statement-4)

### Analysis of Death Claims

While the private life insurers booked 13139 death claims during the year 2006-07, LIC booked 602425 death claims for the same period. The percentage of claims settled by private insurers worked out to 72.69 per cent of the claims booked as against 96.94 per cent settled by LIC. The number of claims repudiated by the private insurers as a percentage of claim booked was 13.98 per cent in 2006-07, while the claims repudiated by LIC were 1.43 per cent. Claims pending with private insurers as on 31<sup>st</sup> March 2007 stood at 13.32 per cent as against 1.63 per cent for LIC. LIC paid Rs.4289.28 crore as death claim benefits as against Rs.155.46 crore paid by the private life insurers. (Statement 56)

### II) Non-Life Insurance

There are at present 17 general insurance companies which have been granted registration for doing non-life insurance business in the country. Of these 6 are in public sector and the rest in private sector. Of the 11 private sector companies, two have been granted license during 2007-08. As such their financial data will not be included in this year's Report. A stand alone health insurance company was licensed in March 2006. Of the public sector companies, two are specialized insurance companies; one for credit insurance (ECGC) and another for Agriculture (AIC). The financial analysis of the above two is presented separately in the Annual Report. As such, the present analysis is confined to 4 public sector companies and 8 private insurance companies. The performance of the Standalone Health insurance company has been covered under a separate sub-section.

### Paid-up Capital

During 2006-07, the general insurers have added Rs.271.86 crore to their capital. The increase in the paid up capital of the private non-life insurers through capital contributions was Rs.121.86 crore. (Domestic promoters Rs.90.64 crore and foreign joint venture partners Rs.31.22 crore.)

TABLE 11

## PAID UP CAPITAL : NON-LIFE INSURERS AND REINSURER\*

(Rs.Crore)

	2005-06	2006-07
<b>Non -Life</b>		
Public Sector	500	550
Private Sector	1279	1401
<b>Specialized Institutions</b>		
ECGC	700	800
AIC	200	200
Star Health	105	105
<b>Re-insurer</b>		
GIC	430	430
<b>Total</b>	<b>3214</b>	<b>3486</b>

Note: \* Including specialized Institutions

The PSU insurers added Rs.50 crore. This additional capital was required either for expansion of their business or for meeting the regulatory requirement of meeting the solvency stipulation of 150 per cent. The specialized insurer ECGC has added Rs.100 crore.

**Policies Issued**

The total number of policies issued by the general insurers except specialized insurers (ECGC, GIC, AIC and Star Health) in 2006-07 was 54,795,189 as against 51,140,595 in 2005-06 registering an increase of 7.15 per cent. Of the total policies issued, 24.73 per cent were issued by private insurers and 75.27 per cent by the public insurers. There has been a decline of 2.25 per cent in the number of policies underwritten by the public insurers in 2006-07. This decline has been contributed by New India (4.42 per cent), National insurance (7.46 per cent), Oriental insurance (3.00 per cent), United India was the only public sector company which showed an increase in its policies underwritten. On the other hand, there has been an increase in the number of policies underwritten by the private insurers.

TABLE 12

## NEW POLICIES ISSUED : NON-LIFE INSURERS

Insurer	2005-06	2006-07
Public Sector	42193079 (-5.47)	41241665 (-2.25)
Private Sector	8947516 (73.92)	13553524 (51.48)
<b>Total</b>	<b>51140595</b>	<b>54795189</b>

Note : Figures in brackets indicate the growth (in per cent) over previous year.

The number of policies underwritten by the private insurers has increased by 51.48 per cent. However, this growth was lower than 73.92 per cent exhibited in 2005-06. Except HDFC Chubb and Cholamandalam all other private insurers have registered an increase in their number of policies underwritten.

The general insurance companies have underwritten a premium of Rs.24905.47 crore in 2006-07 as against Rs.20359.72 crore in 2005-06 exhibiting a growth rate of 22.33 per cent. The four public sector insurers have underwritten a premium of Rs.16258.90 crore in 2006-07 as against Rs.14997.06 crore in 2005-06 registering a growth of 8.41 per cent.

TABLE 13

PREMIUM UNDERWRITTEN BY  
NON-LIFE INSURER (WITHIN INDIA)

(Rs.Crore)

	2005-06	2006-07
<b>Public</b>	14997.06 (7.33)	16258.90 (8.41)
<b>Private</b>	5362.66 (52.85)	8646.57 (61.27)
<b>Total</b>	20359.72 (16.46)	24905.47 (22.33)

Note : Figures in brackets indicate growth in percent

The premium underwritten by eight private sector insurers in 2006-07 was Rs.8646.57 crore as against Rs.5362.66 crore in 2005-06 exhibiting a growth of

61.27 per cent. The lower growth rate for the public insurers may be seen in the light of their high base. The general insurance industry has added Rs.4545.75 crore in premium during the year 2006-07; of which public insurers contributed Rs.1261.84 crore and the private insurers Rs.3283.91 crore. The increase in premiums was across all the public sector companies. Oriental insurance has added the highest premium of Rs. 401.41 crore followed by United India and National insurance at Rs.343.99 crore and Rs.290.75 crore respectively. New India has added Rs.225.7 crore. Except HDFC Chubb, all private insurers have added premiums to their earlier levels. During 2006-07, ICICI Lombard has maintained the rising trend with an increase in premium of Rs.1406.21 crore, and registered a growth of 88.84 per cent over the previous year. Reliance has added Rs.749.90 crore to its earlier premium level and Bajaj Allianz added Rs.514.05 crore.

The private insurers are increasing their market share over the past few years. In 2006-07, the private insurers had a market share of 34.72 per cent which was much higher than 26.34 per cent in 2005-06. This shows an increase of 8.38 percentage points over the previous year. As a consequence there has been a decline in the market share of the public insurers to 65.28 per cent in 2006-07 from 73.66 per cent in the previous year. Though there has been a decline in the market share of the public sector insurance companies, the volume of premium underwritten by them has increased over the previous year implying the expansion of general insurance market. (Table 14).

Among the public sector insurers New India has the largest market share at 20.14 per cent in 2006-07, lower than its market share of 23.53 per cent in the previous year. Oriental insurance and National insurance had market shares at 15.77 per cent and 15.32 per cent

respectively as against 17.32 and 17.31 per cent in the previous year.

**TABLE 14**  
**GROSS DIRECT PREMIUM INCOME IN INDIA**

Company	Premium (Rs.Crore)		Market Share (In per cent)	
	2006-07	2005-06	2006-07	2005-06
National	3814.42	3523.67	15.32	17.31
New India	5017.20	4791.50	20.14	23.53
Oriental	3928.52	3527.11	15.77	17.32
United	3498.77	3154.78	14.05	15.50
<b>Sub-Total</b>	<b>16258.90</b>	<b>1499706</b>	<b>65.28</b>	<b>73.66</b>
Royal Sundaram	598.20	458.64	2.40	2.25
Reliance	912.23	162.33	3.66	0.80
IFFCO-Tokio	1144.47	892.72	4.60	4.38
Tata AIG	710.55	572.70	2.85	2.81
ICICI Lombard	2989.07	1582.86	12.00	7.77
Bajaj Allianz	1786.34	1272.29	7.17	6.25
Cholamandalam	311.73	220.18	1.25	1.08
HDFC Chubb	194.00	200.94	0.78	0.99
<b>Sub-Total</b>	<b>8646.57</b>	<b>5362.66</b>	<b>34.72</b>	<b>26.34</b>
<b>Grand Total</b>	<b>24905.47</b>	<b>20359.72</b>	<b>100.00</b>	<b>100.00</b>

Among the private insurers, ICICI Lombard has the highest market share of 12.0 per cent followed by Bajaj Allianz with 7.17 per cent and IFFCO-Tokio with 4.60 per cent. HDFC Chubb has reported a negligible market share of 0.78 per cent. Reliance has registered a substantial increase in its market share from less than 1.00 per cent in 2005-06 to 3.66 per cent in 2006-07.



**TABLE 15**  
**PREMIUM (WITHIN INDIA) UNDERWRITTEN BY NON-LIFE**  
**INSURERS - SEGMENT WISE**

(Rs.Crore)

Segment	2005-06	2006-07
Fire	3775 (18.54)	4132 (16.59)
Marine	1284 (6.31)	1628 (6.54)
Motor	8733 (42.90)	10697 (42.95)
Health	2221 (10.91)	3310 (13.29)
Others	4347 (21.35)	5139 (20.63)
<b>Total Premium</b>	<b>20360</b>	<b>24905</b>

Note : Figure in brackets indicate the ratio (in percent) of respective segment to the total premium.

Various segments have contributed to the increase in premium in both public and private sector insurers. The highest contribution in 2006-07 has come from the motor segment which contributed 42.95 per cent of the total premium as against 42.90 per cent in 2005-06. Fire segment constituted 16.59 per cent in the total premium underwritten in 2006-07 which was lower than that observed in the previous year (18.54 per cent).

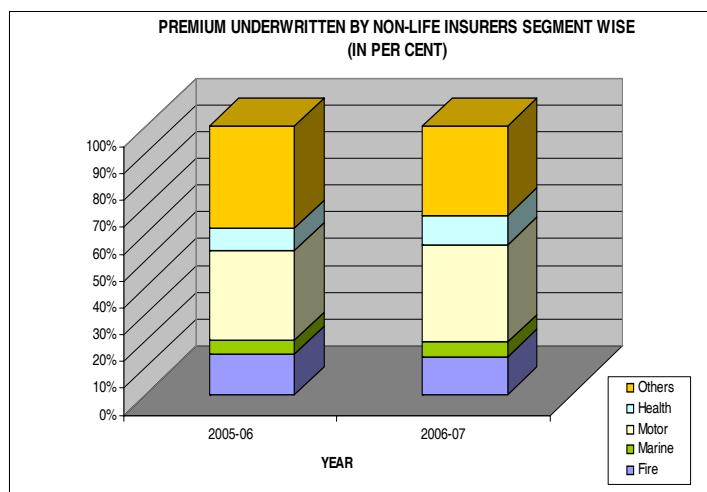


CHART 3

The premium collection in Health has doubled in 2006-07 from its level in 2005-06. Health premium contribution to the total in 2006-07 was 13.29 per cent as against 10.91 in 2005-06. Motor and Health portfolios constituted 56.24 per cent as against 53.80 per cent in 2005-06. Contribution from the Marine segment is the least at 6.54 per cent in 2006-07.

#### Premium Underwritten Outside India

The public sector general insurers also underwrote premiums outside India. They have underwritten a premium of Rs.1024.54 crore in 2006-07 as against Rs.979.38 crore in 2005-06 registering a growth of 4.61 per cent. Of the total premium underwritten by the public sector insurers 5.93 per cent accounted for premium underwritten outside India which lower than 6.13 per cent in 2005-06. The accretion in the premium underwritten outside India was a mere Rs.45.17 crore in 2006-07.

TABLE 16

#### GROSS DIRECT PREMIUM FROM BUSINESS OUTSIDE INDIA : NON-LIFE INSURERS

(Rs.Crore)

Insurer	2005-06	2006-07
National	12.67 (18.00)	12.70 (0.24)
New India	884.05 (-0.93)	919.58 (4.02)
Oriental	82.66 (13.59)	92.26 (11.61)
United	-	-
<b>Total</b>	<b>979.38</b>	<b>1024.54</b>

Note : Figures in bracket indicate the growth rate over previous year.

New India is having operations in 27 countries through a network of branches, agencies, associate companies and subsidiaries.

Of the total premium, Rs.1024.54 crore was written outside India by the four public sector insurers in 2006-07, National has underwritten a premium of Rs.12.70 crore against Rs.12.67 crore in 2005-06. There was an increase in the premium underwritten

by New India to Rs.919.58 crore as against Rs.884.05 crore in 2005-06, showing a growth of 4.02 per cent.

Oriental insurance underwrote a premium of Rs.92.26 crore outside India as against Rs.82.66 crore in 2005-06 i.e., exhibiting a growth of 11.61 per cent. United India had ceased operations outside India in 2003-04. (Table 17)

Premium underwritten outside India, by the company constituted 15.49 per cent of the total premium underwritten in 2006-07. Oriental has a small component of overseas business i.e., 2.29 per cent (which is at the same level as in 2005-06). In the case of National, outside India business was 0.33 per cent (as compared to 0.36 per cent in the previous year).

TABLE 17

## RATIO OF OUTSIDE INDIA PREMIUM TO TOTAL PREMIUM

(Per cent)

Insurer	2005-06	2006-07
National	0.36	0.33
New India	15.58	15.49
Oriental	2.29	2.29
United	0.00	0.00

**Underwriting Experience**

Total underwriting losses incurred by both public and private insurers during 2006-07 declined to Rs.2557.54 crore from Rs.3886.51 crore in the previous year. The public sector insurers during 2006-07 have incurred underwriting losses to the tune of Rs.2451.12 crore as against Rs.3836.64 crore in 2005-06. As a percentage of net premium, the underwriting losses have reduced to 18.83 in 2006-07 from 32.65 in 2005-06. The losses across the companies ranged between 13.72 per cent and 28.90 per cent. In 2005-06, this range was 27.12 per cent to 47.58 per cent. A notable reduction was witnessed in underwriting losses across four public sector insurers. The underwriting losses of National insurance was 19.73 per cent (41.89 in 2005-06); followed by New India at 14.38 per cent (28.98 per cent); United insurance and Oriental insurance at 30.80 (40.52 per cent); and 19.40 (28.15 per cent) per cent respectively. It may be mentioned that National has reduced its underwriting losses

from Rs.1090.32 crore in 2005-06 to Rs.546.17 crore in 2006-07. (Statement 28)

TABLE 18

## UNDERWRITING LOSSES : NON-LIFE INSURERS

(Rs.Crore)

	2005-06	2006-07
Public Sector	(3836.64)	(2451.12)
Private Sector	(49.87)	(106.42)

On the other hand the private sector insurers have registered an increase in their underwriting losses from Rs.49.87 crore in 2005-06 to Rs.106.42 crore in 2006-07. These losses constituted about 2.28 per cent of the net premium underwritten in 2006-07 as against 1.75 per cent in 2005-06. Bajaj Allianz is the only private insurer which has reported underwriting profit during 2006-07. While Royal Sundaram and Cholamandalam have reported a decline in underwriting losses, Tata AIG, IFFCO Tokio, ICICI Lombard and HDFC Chubb have reported an increase in underwriting losses. (Statement 29)

**Expenses of Non-Life Insurers**

Out of the twelve non-life insurers, the expenses of management of five insurers for 2006-07 were within the limits prescribed under section 40C of Insurance Act 1939 read with Rule 17E, as against four in 2005-06. Four private sector insurers (ICICI Lombard, IFFCO-Tokio, Reliance and Bajaj Allianz) continued to be compliant with the limits of expenses of management as in 2005-06. Other private sector insurers (Royal Sundaram, TATAAIG, Cholamandalam, HDFC and Star Health & Allied) however continued to be non-compliant with the stipulations, having reported an increase in the expenses of management.

Oriental insurance company succeeded in bringing down its operating expenses so as to be compliant with the requirements of the Act and the Rules. National, Oriental and United continued to be non-compliant with the requirements. They reported a decline in the expenses of management computed as a percent of premium underwritten, as against 2005-06.

**TABLE 19**  
**OPERATING EXPENSES : NON-LIFE INSURERS**

(Rs.Crore)

Insurer	2005-06	2006-07
Public Sector	4016.92	3606.74
Private Sector	1060.51	1700.15
<b>Total</b>	<b>5077.43</b>	<b>5306.89</b>

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

Expenditure towards 'Employee remuneration & Welfare benefits' constitutes a significant component of the total operating expenses of the public insurers. While it was 81.07 per cent for United India, the highest among the non-life public sector insurers, it was 75.55 per cent, 74.06 per cent and 70.79 per cent for National, Oriental and New India respectively. As against this, the expenses towards employee costs in case of private insurers ranged between 17.03 per cent and 47.78 per cent of the operating expenses. The major expense heads for the private insurers include legal and professional charges, marketing and business development, and outsourcing expenses.

**TABLE 20**  
**COMMISSION EXPENSES**

(Rs.Crore)

Segment	Private Sector		Public Sector	
	2005-06	2006-07	2005-06	2006-07
Fire	48.12	63.83	215.58	223.79
Marine	22.77	29.58	78.29	84.37
Motor	182.00	268.33	582.33	568.22
Health	43.66	102.20	193.21	249.33
Others	97.70	122.01	361.98	364.01
<b>Total</b>	<b>394.28</b>	<b>585.97</b>	<b>1431.41</b>	<b>1489.74</b>

Marked Figure will include Cholamandalam Figures

### Investment Income

Higher interest rates on deposits, booming stock market and higher yield on government securities have helped the

insurance companies to report higher investment income in 2006-07. The return on investment income accrued on account of sale of investments held, redemption of securities and interest / dividend income of the securities held was high. Investment scenario in the economy was favourable during 2006-07. As a result, along with other financial sector players and intermediaries, the insurance companies too have witnessed an improvement in their financial performance. Insurers have reported higher collection on restructured accounts and returns on their mutual fund portfolios.

**TABLE 21**  
**INVESTMENT INCOME**

(Rs.Crore)

	2005-06	2006-07
Public sector	5610.63 (29.57)	5784.23 (3.09)
Private sector	269.47 (45.07)	415.04 (54.02)
<b>Grand Total</b>	<b>5880.10</b>	<b>6199.27</b>

Note : Figure in brackets indicate the growth rate (in per cent) of the respective sector.

The gross investment income to the general insurers was Rs.6199.27 crore in 2006-07 as against Rs.5880.10 crore in 2005-06 recording a growth of 5.43 per cent over the previous year. Investment income of the public sector insurers has increased to Rs.5784.23 crore from Rs.5610.63 crore in 2005-06 (i.e. an increase of 3.09 per cent over the previous year.

Increase in the investment income has been reported by all public sector insurers except United India which reported a decline. All private insurers have reported an increase in investment income to Rs.415.04 crore in 2006-07 from Rs.269.47 crore in 2005-06; an increase of 54.02 per cent (45.07 per cent in 2005-06). (Statement 34 & 35)

### Incurred Claims Ratio

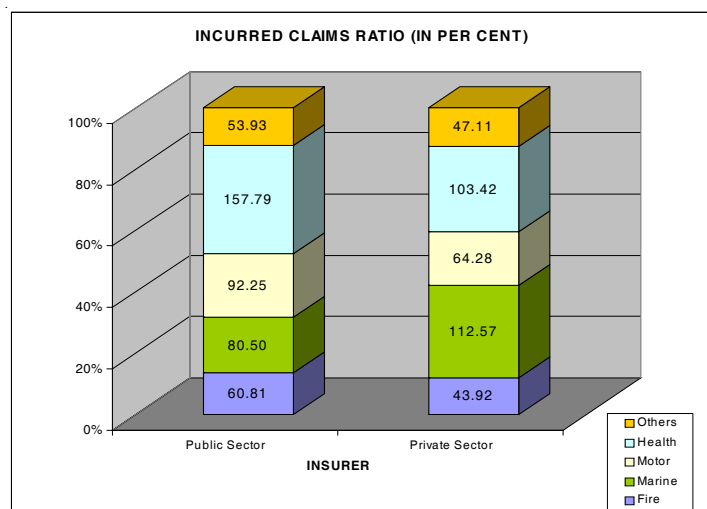
Total net incurred claims during 2006-07 was Rs.13041.64 crore as against Rs.12118.07 crore in 2005-06 registering a growth of 7.62 per cent over the previous year.

The public insurers in 2006-07 have incurred lower total net claims of Rs.10538.75 crore compared to Rs.10569.85 crore in 2005-06. The net incurred claims of public sector insurers as a ratio of net premium was 85.22 per cent lower than 92.44 per cent in the previous year. The incurred claim ratio of Oriental insurance was more or less at the same level of previous year. Sharp decline in this ratio was observed in the case of New India, National and United. In case of New India it declined from 88.13 per cent in 2005-06 to 80.34 per cent. For United it declined from 93.09 per cent to 90.26 per cent and for National it declined from 102.43 per cent to 86.51 per cent. (Statement 30&31)

**TABLE 22**  
**INCURRED CLAIMS RATIO**

Segment	Public Sector		Private Sector	
	2005-06	2006-07	2005-06	2006-07
Fire	65.14	60.81	61.48	43.92
Marine	67.67	80.50	116.75	112.57
Motor	109.43	92.25	62.71	64.28
Health	153.89	157.79	94.63	103.42
Others	49.52	53.93	53.37	47.11
<b>Total</b>	<b>92.44</b>	<b>85.22</b>	<b>68.03</b>	<b>68.02</b>

In case of the private insurers, the total net incurred claims increased to Rs.2502.89 crore from Rs.1548.22 crore in 2005-06. The overall net incurred claim ratio for the private insurers remained unchanged at 68.02 per cent as in



2005-06, though individual expenses varied from 54.27 per cent (Tata AIG) to 76.30 per cent (ICICI Lombard). Except Reliance, ICICI Lombard and IFFCO-Tokio rest of private sector companies reported a lower net incurred claims ratio in 2006-07 than reported in 2005-06. In the case of the four public sector insurers, the overall net incurred claims ratio declined to 85.22 per cent from 92.4 per cent in 2005-06. The ratio varied between 90.26 per cent and 80.34 per cent.

In the case of public insurers, the incurred claims ratio in respect of health business was 157.79 per cent. The incurred claims ratios for motor and marine segments were 92.25 per cent and 80.50 per cent respectively. In 2006-07 Oriental Insurance had the highest net incurred claims ratio at 98.14 per cent in the motor segment. And United Insurance had the highest claims ratio for marine at 103.36 per cent and fire at 75.21 per cent respectively. New India had the highest claims ratio in Health at 212.81 per cent.

Segment-wise analysis under the private sector illustrates that the claims ratio was highest in the Marine business with 112.57 per cent (116.75) followed by health at 103.52 per cent (94.63) and motor at 64.28 per cent (62.71). In 2006-07 among the private insurers HDFC Chubb and Reliance had the highest net incurred claims ratio at 74.85 per cent and 74.62 per cent respectively for the fire segment. The highest claim ratio in the Marine segment was reported by Bajaj Allianz at 139.37 per cent followed by IFFCO Tokio at 139.13 per cent. In the health segment IFFCO Tokio held the highest claim ratio at 78.97 per cent.

### Net Profits

Despite underwriting losses the public insurers have reported profits on account of higher investment income. The net profit earned by both public and private sector insurers during 2006-07 has increased to Rs.3137.10 crore from Rs.1473.66 crore in 2005-06, an increase of 112.87 per cent over the previous year. Although the public sector companies have incurred underwriting losses, they were comparatively profitable than the private sector companies.

National insurance recovered from its loss of Rs.106.25 crore in 2005-06 and made a profit of Rs.421.28 crore during 2006-07. This turnaround was possible mainly due to much

lower underwriting losses and operating expenses. New India and Oriental have nearly doubled their profits to Rs.1459.95 crore and Rs.497.27 crore respectively in 2006-07. United Insurance on the other hand has registered a profit of Rs.528.86 crore. (Statement 28)

All private insurers recorded profits during 2006-07. Of these, one insurer has reported net profit after recording net loss during the previous three years; two have reported profits in 2006-07 but recorded lower than the previous year's profit. The total net profits of eight private insurance companies were Rs.229.74 crore as against Rs.157.52 crore reported by seven insurers in 2005-06. (Statement 29)

### Returns to the Shareholders

The total dividend distributed by the public sector insurance companies (both life and non-life) was Rs.1339.20 crore as against Rs.887.77 crore in 2005-06. A higher growth of 50.85 per cent has been remarkable this year. All the four public sector general insurance companies which have reported net profits in 2006-07 have contributed Rs.581.39 crore against Rs. 266.00 crore in 2005-06 to the exchequer as dividends (Table 23).

TABLE 23

#### DIVIDENDS PAID : NON-LIFE INSURERS

(Rs.Crore)

Insurer	2005-06	2006-07
<b>Non -Life</b>		
Public sector	266.00	581.39
Private Sector	32.05	52.64
<b>Specialized Institution</b>		
ECGC	44.35	125.00
<b>Re-insurer</b>		
GIC	86.00	309.60
<b>Total</b>	<b>428.40</b>	<b>1068.63</b>

Note: \* Including specialized Institutions

ECGC and GIC distributed dividends in 2005-06. ECGC declared Rs.125.00 crore and GIC at Rs.309.60 crore.

### Star Health and Allied Insurance Co. Ltd.

Star Health was the first specialized company to receive certificate of registration to carry on general insurance business to underwrite exclusively Health, Personal Accident and Travel Insurance segments. In the year ending 31<sup>st</sup> March 2007 it had underwritten a gross direct premium of Rs.22.51 crore and incurred an underwriting loss of Rs.11.56 crore. Net loss for the year was Rs.2.59 crore.

### General Insurance Corporation (GIC)

GIC is the sole insurer of the domestic re-insurance market, providing re-insurance to the direct general insurance companies in India. The corporation's re-insurance programme has been designed to meet the objectives of optimizing the retention within the country, ensuring adequate coverage for exposure and developing adequate capacities within the domestic market. GIC receives statutory cession of 20 per cent on each and every policy issued by domestic insurers subject to certain limits and leads domestic companies treaty programmes and facultative programmes. GIC is the manager of the Third Party Motor Pool.

The total gross premium written by GIC during 2006-07 was Rs.7404.17 crore as compared to Rs.4880.77 crore in 2005-06. The net earned premium during 2006-07 was Rs.5263.79 crore as against Rs.4458.84 crore in 2005-06 recording a growth of 18 per cent. The underwriting results on domestic business showed a loss of Rs.116.40 crore in 2006-07 as compared to a loss of Rs.1136.98 crore in the previous year. Net Income from investments was Rs.1232.24 crore in 2006-07 as against Rs.1097.28 crore for 2005-06. For the year under review, profit before tax stood at Rs.1789.46 as against Rs.442.94 crore in the previous year and profit after tax stood at Rs.1531.35 crore as against Rs.598.52 crore in 2005-06. Incurred claims for all classes put together declined to Rs.3622.72 crore (Rs.4573.07 crore in 2005-06).

IRDA directed setting up of Indian Motor Third Party Insurance Pool by all General Insurers in India to collectively service Commercial Vehicle Third Party Insurance business. This arrangement has become effective from 1<sup>st</sup> April 2007. The



share of GIC in the multilateral re-insurance arrangement shall be 15 per cent (i.e. same as the share of statutory cessions.) The balance share of pooled business will be shared by all other member insurers. GIC is the Administrator of the Pool. The Pool Administrator will be paid fees of 2.5 per cent plus service tax on the total premium of the pooled business. For this purpose GIC has set up a separate Motor Pool department with adequate manpower, hardware and software systems.

In pursuance of the powers conferred by section 101A of the Insurance Act, 1938, the Authority in consultation with the Re-insurance Advisory Committee constituted under section 101B of the Act and with the approval of the Central Government specified that the percentage cessions of the sum insured on each policy to be reinsured with the Indian reinsurer shall be 15 per cent in respect of insurances attaching during the year 1<sup>st</sup> April, 2007 to 31<sup>st</sup> March, 2008 and 10 per cent in respect of insurance attaching during the year 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009 without any limits on the sum insured or PML of cessions. All other terms for obligatory cessions remain unchanged.

The obligatory cessions received by the GIC along-with re-insurance commission and profit commissions are placed at Annex VII.

### C. RESEARCH AND DEVELOPMENT DEPARTMENT

While moving towards detariffed regime in the general insurance business effective 1<sup>st</sup> January 2007, Research and Development department has guided the TAC which had already collected transaction level data in generating tabulations. The data has been cleaned and tabulations have been generated at various aggregate levels so as to guide the Authority in arriving at bench marker rates which will be helpful for the insurers in a detariffed regime. Further the aggregate tables have been put on the websites of the Authority and TAC. Along with the aggregate tables on motor, tabulations in respect of health based on the data collected from TPAs were also generated and placed on the websites of the Authority and the TAC. Realising that the existing data formats will not be conducive for the analysis purpose in a detariff regime, attempts are being made in the department to revise the data formats in consultation with the underwriters and the insurers. Though TAC is expected to collect general insurance statistics, the movement towards making it as a data warehouse has not materialized for want of clarity on the role of the TAC in view of detariffing of general insurance business.

The Research and Development Department in coordination with the Government of India has conducted a National Seminar on Construction of Services Price Index Numbers. This Seminar was attempted to draw the attention of the insurers on the important role of the services sector in the economy in general and within the services sector the insurance sector in particular. In this regard, the Department has been coordinating with the companies for supply of information to the Ministry of Industry for compiling the services price index number. Further, the department has been liaising with other departments in their data requirements.

### D. REVIEW

#### i. Protection of interests of policyholders

Consistent with the Mission statement, the Authority has set up two grievance cells separately for life and non-life. The grievance cell adopts a proactive approach in identifying the complaints made against the insurers. Based on the nature of the complaints if necessary, the Authority conducts targeted inspections. The Authority further instructs the insurers to put in place easy access facilities and prompt servicing mechanism.

#### ii. Maintenance of solvency margins of Insurers

Every insurer is required to maintain a Required Solvency Margin as per Section 64VA of the Insurance Act 1938. Every insurer shall maintain an excess of the value of assets over the amount of 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, subject to credit for re-insurance in computing net

## SOLVENCY

Solvency is “having enough money to meet all pecuniary liabilities.” In an insurance context, this definition gives rise to two concepts. These two relate to two extremes possibilities; liabilities paid on an immediate liquidation of the company (break-up or run-off approach). At the other end, to pay all its debts as they mature (*going-concern* approach). This means that a company is solvent when its solvency margin is positive. There are other ways of looking at solvency.

1. From the point of view of the management of the company, the continuation of the function and existence of the company must be secured.
2. From the point of view of the supervisory authority, the benefits of the claimants and policyholders must be secured.

The International Association of Insurance Supervisors (IAIS) defined solvency as follows: “An insurance company is solvent if it is able to fulfill its obligations under all contracts, under all reasonably foreseeable circumstances” (IAIS 2002). The definition was later slightly modified as “the ability of an insurer to meet its obligations (liabilities) under all contracts at any time” (IAIS, 2003a). In the definition it is also stated:

Due to the very nature of insurance business, it is impossible to guarantee solvency with certainty. In order to come to a practical definition, it is necessary to make clear under which circumstances the appropriateness of the assets to cover claims is to be considered, e.g., is only written business (run-off basis, break-up basis) to be considered, or its future new business (going-concern basis) is also to be considered. In addition, questions regarding the volume and the nature of an insurance company’s business, which time horizon is to be adopted, and what is an acceptable degree of probability of becoming insolvent should also be considered.

One of the principal concerns underlying the regulation of both life and general insurance companies is the protection of policyholders. Life insurers are custodians and managers of substantial investments of individuals; and general insurance policyholders need to be confident that their insurer will be able to meet its promised liabilities in the event that claims are made under a policy. Regulatory authorities therefore seek to ensure that insurers’ finances are in sound condition and are being properly managed. One of the most important tools at their disposal for this purpose is the solvency requirement imposed on insurers. The insurance directives set out minimum standards which insurers must comply with as regards the adequacy of their finances. In particular, they impose common standards for the determination of the minimum required solvency margin for an insurer and set out the types of assets which can count towards that margin.

In the last few years, many countries have moved from mandated solvency margin regime to risk-based capital where various risks are measured and capital is provided according to various risks.

The Solvency I directives provided the regulatory authorities in member states of Europe with certain powers to intervene if the rights of policyholders were threatened because of the adverse financial position of an insurer. In

particular, they had the power to oblige an insurance undertaking to maintain a higher margin of solvency in order to protect against further deterioration in its financial position in the near future. This higher margin was related to the financial recovery plan that the insurer was obliged to submit to the regulator.

At present European countries are working towards Solvency II. The following are some of the key considerations of this:

- H Identification of key risks to the financial position of an insurance company, viz., underwriting risk, asset risk, credit risk and operational risk;
- H Assessment of interaction and overlap of these risks and their modeling for decision-making purposes;
- H Requirements for insurers to disclose information to enable the regulators to assess the strength of an insurer's technical provisions in more details, such as the methodologies, assumptions in determining claims, sensitivity analysis and details of the development of the claims run-off;
- H Introduction of a more consistent approach to asset valuation and applying a more risk-based approach to account for volatility and resilience;
- H Integration and harmonization of the approach to the treatment of reinsurance in the solvency calculations
- H Assessment and incorporation of advanced risk reduction techniques, such as Alternate Risk Transfer, into the prudential supervision regime; and
- H Consideration of the application of a 'three pillar' approach to the supervision of insurance undertakings. The three pillars are
  - H Pillar 1: Financial resources – to include a risk based approach to minimum capital requirements and the valuation of assets and liabilities, including assessment of liabilities at the group level.
  - H Pillar 2: Supervisory Review – assessment of strength and effectiveness of risk management systems and internal controls.
  - H Pillar 3: Market Discipline – Obligations for insurers to make disclosures to allow policyholders to assess key information about the financial strength of insurers.

The following table gives the international practice in this area.

**Table 1 - Solvency margin international practice:**

<b>Australia</b>	The ideas are similar to those behind Solvency II. Liability valuation, risk categories, a factor-based prescribed method, and internal models
<b>Canada</b>	A factor-based system. Risk categories, the minimum capital test, dynamic capital adequacy testing, and minimum continuing, capital and surplus requirements on ratings.
<b>Denmark</b>	Fair valuation and a traffic light test system.



<b>Finland</b>	A risk theoretical transition model and equalization reserve.
<b>Netherlands</b>	Fair valuation and minimum solvency and continuity analysis.
<b>Singapore</b>	Valuation of assets and liabilities, risk categories, and two requirements in a risk-based system.
<b>Sweden</b>	Valuation of assets and liabilities, risk categories, and a simple model.
<b>Switzerland</b>	Valuation of assets and liabilities, risk categories, standard model, scenario tests determining the target capital, and internal model.
<b>UK</b>	A twin peaks' approach under pillar I, individual capital adequacy standards under pillar II.
<b>U.S</b>	Risk-based capital model, correlation structure, and different intervention levels.

In India, IRDA had prescribed the solvency ratio of 150 per cent to all insurance companies. This solvency ratio is nothing but the ratio of available solvency margin to that of required solvency margin. If this ratio is more or equivalent to 150 per cent, then the insurer is considered to be solvent. The available solvency margin is the difference between the total value of assets at a specified date and amount of liabilities on that date. In working out the liability, the actuary has to consider all policies which are in the books of the insurer on the valuation date. The required solvency margin is either Rs. 50 crore or Rs. X whichever is higher. Rs. X is an amount using a formula which combines some percentage of mathematical reserves and some percentage of sums at risk. It is important to note that these percentages are prescribed by the IRDA and they vary depending upon the type of insurance product.

premiums and net incurred claims being actual but a percentage, determined by the regulations, not exceeding fifty per cent. 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

All the 16 life insurers who underwrote premiums during 2006-07 have complied with the stipulated requirement of a solvency ratio of 1.5. LIC had improved the solvency ratio to 1.5 from its earlier level of 1.3. Bharti Axa which has started its business in 2006 has reported a solvency ratio of 1.96. Of the 16 life insurers, solvency ratios of 8 insurers in 2006-07 were lower than the solvency ratios reported in 2005-06. Aviva has recorded a solvency ratio of 6.3 in 2006-07, much higher than 2.8 reported in 2005-06. ING Vysya, LIC, Max Newyork, and Shriram Life had higher solvency ratios in 2006-07 than those of 2005-06. Met Life and Sahara had the same solvency ratios in 2006-07 to those of 2005-06. (Statement 50)

### Non-life insurers

In the non-life segment, all the four public sector non-life insurers have met the stipulated solvency ratio of 1.5, including National Insurance which improved its solvency position to 1.76 as against 1.08 as on 31<sup>st</sup> March, 2006. Amongst the specialized insurance companies, ECGC which is underwriting credit business had a solvency ratio of 11.41 as against 9.39 as on 31<sup>st</sup> March, 2006. Agriculture Insurance Company has reported solvency margin of 2.05 as on 31<sup>st</sup> March, 2006 as against 2.16 as at 31<sup>st</sup> March, 2006. All of the eight non-life private insurers have met their stipulated solvency requirement. Star Health, the standalone health insurance company has reported Solvency ratio of 1.91 as at the end of the first year of operations, as at 31<sup>st</sup> March, 2007. (Statement 51)

### Re-insurer

The national re-insurer, General Insurance Corporation, reported solvency ratio of 4.10 as at 31<sup>st</sup> March, 2007 as against 3.41 in 2006.

### iii. Monitoring of re-insurance

Every insurer needs a comprehensive and efficient re-insurance programme in order to be able to function effectively. This is important to the solvency of the insurer. Hence the Authority

requires every insurer to secure the approval of its Board of Directors for its re-insurance programme. The Regulations also provide for the insurer to file its plans for the re-insurance programme for the next year with the Authority at least 45 days before the commencement of the next year. The insurer is further required to file the treaty slips or cover notes relating to the re-insurance arrangements with the Authority within 30 days of the commencement of the financial year. These measures highlight the importance attached to the existence of adequate and efficient re-insurance arrangements for an insurer because its solvency is assessed on a "net of re-insurance" basis.

The Regulations require that every insurer should maintain the maximum possible retention commensurate with its financial strength and volume of business. The guiding principles in drawing up the re-insurance programme have been stated as:

1. maximize retention within the country;
2. develop adequate capacity;
3. secure the best possible protection for the re-insurance costs incurred; and
4. simplify the administration of business.

The Insurance Act requires every general insurer to cede a specified percentage of its direct insurances to the "National reinsurer". For many years this percentage was 20 with certain exposure limitations. However, consistent with the opening up of the market and taking note of the fact that the National reinsurer had already developed substantial strength, the percentage has been reduced to 15 per cent for the financial year 2007-2008 and it will be further reduced to 10 per cent for 2008-2009.

The Regulations required the Indian Reinsurer to organize domestic pools for re-insurance surpluses in Fire, Marine Hull and other classes in consultation with all insurers. This was not found possible because of the reluctance of the newly registered insurers to accept automatic re-insurance of any nature. Even the Public Sector insurers had discontinued the Fire Re-insurance Pool and maintained only the Marine Hull re-insurance Pool. In order not to interfere with the corporate policies of insurers unduly, the Authority did not enforce the formation of pools. However, the market came together to form

a Pool for Terrorism risks when the international re-insurance markets withdrew this cover after the September 11 terrorist strikes in New York in the year 2001. More recently, the insurers agreed to form a Pool for declined motor insurance risks which eventually was transformed into a pool for all commercial vehicles third party insurance. The Pool came into effect on 1 April 2007.

The Re-insurance Regulations expressed the hope that the formation of the pools will help maintain the national retention levels as close to the level achieved for the year 1999-2000 as possible. The Regulations recognize the fact that newly registered insurers will not have the same levels of shareholders' funds or business volume to enable maintenance of an equal level of retentions. The Authority has been watching the levels of retentions of insurers while reviewing their re-insurance programmes and advising the insurers to increase their retentions wherever possible. The movement in national retention levels over the last two years is as follows :

TABLE 24

**NET RETAINED PREMIUM ON INDIAN BUSINESS AS PERCENTAGE OF GROSS DIRECT PREMIUM (EXCL. GIC)**

(Per cent)

Segment	2005-2006			2006-2007		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Fire	59.72	19.49	46.68	61.00	21.92	46.80
Marine Cargo	73.71	49.87	67.32	74.16	43.74	64.27
Marine Others	11.86	4.74	10.92	13.49	4.69	11.15
Motor	79.40	75.55	78.56	79.80	76.13	78.71
Engineering	70.81	23.51	54.32	75.20	22.65	53.25
Aviation	5.14	0.45	4.63	15.13	2.09	13.35
Other Miscellaneous	78.77	52.53	72.10	78.27	58.69	72.66
<b>TOTAL</b>						
<b>ALL CLASSES</b>	<b>71.41</b>	<b>50.13</b>	<b>66.10</b>	<b>72.31</b>	<b>53.05</b>	<b>66.36</b>

While some improvement in retentions is seen in aviation segment, these are offset by declines in marine cargo and engineering. As a result the overall net retention ratio in 2006-07 was at the same level prevalent in 2005-06.

The Authority has been encouraging the insurers to place re-insurance with other Indian insurers as far as possible. The Indian reinsurer has also been active in providing capacity to the Indian insurers. As a result of these efforts, the re-insurance placements in India have grown without hampering access to international markets. The developments in placement are shown in the table below :

TABLE 25

**RE-INSURANCE PLACED WITHIN INDIA AND OUTSIDE INDIA AS PERCENTAGE OF GROSS DIRECT PREMIUM IN INDIA (EXCL GIC)**

(Per cent)

Segment	2005 - 2006		2006 - 2007	
	Placed in India	Placed outside India	Placed in India	Placed outside India
Fire	39.23	26.98	37.69	19.13
Marine Cargo	24.47	12.05	22.83	13.45
Marine - Others	32.34	67.69	48.23	44.39
Motor	21.49	0.18	21.19	0.28
Aviation	43.72	63.98	33.82	55.73
Engineering	37.33	20.41	36.24	15.41
Other Miscellaneous	22.38	7.88	20.86	7.06
<b>TOTAL</b>				
<b>ALL CLASSES</b>	<b>26.56</b>	<b>11.64</b>	<b>25.93</b>	<b>9.03</b>

The above table reveals that while the re-insurance placed inside India is nearly at levels prevalent in 2005-06, the re-insurance placed outside India has declined marginally. The decline is due to decline in cessions in all classes except marine cargo and motor.

It is neither possible nor desirable to eliminate all re-insurances outside India. Re-insurance protection plays a very important role in safeguarding the insurer's financial position in the event of catastrophic losses or in providing insurance for large risks. The profit ceded on the placement outside India represents the price of protection. The position over the latest two years has been as follows :

TABLE 26

RE-INSURANCE CEDED OUTSIDE INDIA ON INDIAN BUSINESS  
(EXCL GIC)

(Rs. Crores)

Segment	2005-2006		2006-2007	
	Premium ceded	Net profit ceded	Premium ceded	Net profit ceded
Fire	993.28	-1023.88	780.10	62.66
Marine Cargo	93.94	-158.52	114.50	58.84
Marine – Others	366.75	-595.52	306.84	127.71
Motor	15.13	-7.29	27.64	-8.17
Aviation	255.22	74.24	244.91	164.19
Engineering	192.32	-68.46	196.67	93.99
Other				
Miscellaneous	395.95	43.79	426.78	147.10
<b>TOTAL</b>				
<b>ALL CLASSES</b>	<b>2312.62</b>	<b>-1735.64</b>	<b>2097.45</b>	<b>646.32</b>

As compared to 2005-06 premium cessions we observe that the premium cessions in 2006-07 have reduced. But the net profit ceded in 2006-07 has increased sharply. 2005-06 was particularly a bad year for re-insurers because of Mumbai Floods and other catastrophe losses which hit the Indian market.

**Terrorism Pool**

The Indian Market Terrorism Risk Insurance Pool, which started in April 2002 as an initiative by non-life insurers in India to provide capacity in the domestic market to underwrite terrorism risks, successfully completed its fifth year of operations on 31<sup>st</sup> March 2007. All the non-life insurance companies operating in India are members of the Pool and offer capacity to the Pool in specified proportions. For 2006-07, the shares of the member Companies was as under

TABLE 27

SHARE OF MEMBER COMPANIES  
IN THE INDIAN MARKET TERRORISM POOL

Insurer	Share (%)
General Insurance Corporation of India	24.4197
National Insurance Co. Ltd.	12.8617
The New India Assurance Co. Ltd.	24.4224
The Oriental Insurance Co. Ltd.	11.5977
United India Insurance Co. Ltd.	12.8617
Bajaj Allianz General Insurance Co. Ltd.	1.1254
Cholamandalam General Insurance Co. Ltd.	1.6077
Govt. Insurance Fund, Gujarat	1.6077
HDFC Chubb General Insurance Co. Ltd.	0.4166
ICICI Lombard General Insurance Co. Ltd.	3.2474
IFFCO-Tokio General Insurance Co. Ltd.	1.6143
Reliance General Insurance Co. Ltd.	1.6077
Royal Sundaram Alliance Insurance Co. Ltd.	1.0023
Tata-AIG General Insurance Co. Ltd.	1.6077

During 2006-07, the total premium ceded to the Pool was Rs.163.50 crore and claims paid was Rs.1.31 crores. The Pool's premium in the previous year was Rs.155.97 crores with claims paid being Rs.84 lakhs. In view of the good performance of the Pool, the capacity offered by the Pool was enhanced to Rs.600 crores per risk/location, effective from April 1, 2006. The Pool members also agreed for downward revision in terrorism risk premium rates, effective from April 1, 2007. The comparative chart of the existing rates and the revised rates is shown below –

TABLE 28

## RATING OF TERRORISM POOL

	Total Sum Insured per Location (MD + LOP) (Rs.)	Full rate of	Existing Rate (per Mille)	Revised Rate (per mille)
1	Upto Rs.500 Crs.	Industrial Risk Non-Industrial Risk Residential Risk	0.30 0.20 0.10	0.25 0.15 0.10
2	Over Rs.500 crs. and upto Rs.2000 crs.	First 500 crs. as per (1) above PLUS on balance Sum Insured as under :	Industrial Risk Non-Industrial Risk	0.25 0.12
3	Over Rs.2000 Crs.	First 2000 crs. as per (2) above PLUS on balance Sum Insured as under :	Industrial Risk Non-Industrial Risk	0.20 0.10

The Pool Underwriting Committee met thrice during the year and discussed important issues like additional classes of insurance to be covered by the Pool, review of Pool's financial results, terms of cover, accounting and data transfer mechanisms, re-insurance protection, etc.

#### iv. Monitoring of Investments of the insurers

##### (a) Investments of the Insurance Sector

The investments made by the insurers both life and general separately for public and private sector is given in the following table.

**TABLE 29**  
**INVESTMENTS OF INSURERS**

(Rs.Crore)

INSURER	Life		Non-Life		Total	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
Public Sector	463771.14	559200.56 (20.58)	38519.52	44170.75 (14.67)	502290.66	603371.31 (20.12)
Private Sector	23379.55	44979.24 (92.39)	3799.43	6212.06 (63.50)	27178.98	51191.3 (88.35)
<b>Total</b>	<b>487150.69</b>	<b>604179.80</b> <b>(24.02)</b>	<b>42318.95</b>	<b>50382.81</b> <b>(19.05)</b>	<b>529469.64</b>	<b>654562.61</b> <b>(23.63)</b>

The investments of the LIC increased by 20.58 per cent (in view of its large base) and, in the case of private insurers, the growth was 92.39 per cent. Increase in investments by public

sector general insurance companies was 14.67 per cent and for private sector general insurers it was 63.50 per cent.

##### (b) Life Insurers

**TABLE 29 (I)**  
**TOTAL INVESTMENTS : INSTRUMENT-WISE**

(Rs.Crore)

	2004-05		2005-06		2006-07	
	Amount	Percentage to Total	Amount	Percentage to Total	Amount	Percentage to Total
<i>Investments from Traditional Products</i>						
Central 'Govt. Securities	201550.00	47.88	238089.00	51.62	275099.00	51.22
Approved Securities incl. Central Govt. Securities	252737.00	60.04	296377.00	64.25	335187.00	62.40
Infrastructure and Social Sector	45521.00	10.81	49638.50	10.76	69837.00	13.00
Investment subject to Exposure norms including Other than approved Investments	122667.00	29.14	115247.00	24.99	132106.00	24.59
Other than approved Investments	26377.70	6.27	26698.60	5.79	30049.00	5.59
<b>Total</b>	<b>420924.00</b>	<b>100</b>	<b>461263.00</b>	<b>100</b>	<b>537130.00</b>	<b>100</b>
<b>ULIP Funds</b>						
Approved Investments	6731.78	89.43	23401.00	90.39	57586.20	85.89
Other than approved Investments	795.66	10.57	2487.12	9.61	9462.56	14.11
<b>Total</b>	<b>7527.44</b>	<b>100</b>	<b>25888.10</b>	<b>100</b>	<b>67049.80</b>	<b>100</b>

The broad pattern of investments out of premium generated by traditional products during 2006-07 remains on the pattern of the investments in 2005-06. The investments in Infrastructure and Social sector improved marginally from 10.76 per cent to 13 per cent.

### (C) FUNDWISE PATTERN OF INVESTMENTS

The investments made by the life insurers from different types of funds are given in the following table.

TABLE 29 (II)

#### TOTAL INVESTMENTS : FUND-WISE

(Rs.Crore)

	2005-06	2006-07	Growth (%)
Life Fund	397188	465555	17.21
Pension Fund	37264	37063	-0.54
Group Fund	26810	34511	28.73
Unit Fund	25888	67050	159.00
<b>Total</b>	<b>487150</b>	<b>604179</b>	<b>24.02</b>

It may be observed that a significant shift has taken place in favour of investments of Unit Linked Funds since last year. This is further analysed in Table 30.

TABLE 29 (III)

#### INVESTMENTS OF LIFE INSURER : FUND-WISE

(Rs.Crore)

INSURER	LIFE FUND		PENSION AND GENERAL ANNUITY FUND		GROUP EXCLUDING FUND GROUP PENSION & ANNUITY		UNIT LINKED FUND		TOTAL OF ALL FUNDS	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
<b>LIC</b>	389447.52	453440.06	36157.64	35062.29	26737.53	34445.98	11428.45	36252.24	463771.14	559200.56
<b>PRIVATE SECTOR</b>	7741.13	12115.24	1106.65	2001.28	72.09	65.16	14459.68	30797.56	23379.55	44979.24
<b>TOTAL</b>	<b>397188.65</b>	<b>465555.30</b>	<b>37264.29</b>	<b>37063.57</b>	<b>26809.62</b>	<b>34511.13</b>	<b>25888.13</b>	<b>67049.80</b>	<b>487150.69</b>	<b>604179.80</b>
	(81.53)	(77.06)	(7.65)	(6.13)	(5.50)	(5.71)	(5.31)	(11.1)		

Note: 1) The figures are based on provisional Returns filed with IRDA.

2) Figures in brackets are percentages to the respective totals.

#### (d) Growth of investments of Unit Linked and Traditional Business

The percentage increase of ULIP funds on year over year basis (Table 30) of investment over the last 4 years vis a vis traditional

funds indicates that the growth in investment pertaining to Unit Linked Business started from 2003-04. Till then the total investments were only out of premiums towards traditional, group and annuity businesses.



TABLE 30  
TOTAL INVESTMENTS : FUND-WISE

(Rs.Crore)

FUND	2003-04	2004-05		2005-06		2006-07	
	TOTAL	TOTAL	% Increase	TOTAL	% Increase	TOTAL	% Increase
Life	307308.91	366219.85	19.17	397188.66	8.46	465555.3	17.21
Pension & General Annuity Groups	9551.84	12023.77	25.88	37264.29	209.92	37063.57	-0.54
<b>Traditional (A)</b>	<b>350936.22</b>	<b>420924.47</b>	<b>70.30</b>	<b>461262.59</b>	<b>181.19</b>	<b>537130.01</b>	<b>45.40</b>
Unit Linked Funds	1688.31	7527.44	345.86	25888.14	243.92	67049.8	159.00
<b>ULIP (B)</b>	<b>168831</b>	<b>7527.44</b>	<b>345.86</b>	<b>25888.14</b>	<b>243.92</b>	<b>67049.80</b>	<b>159.00</b>
<b>TOTAL INVESTMENTS</b>	<b>352624.53</b>	<b>428451.91</b>		<b>487150.73</b>		<b>604179.81</b>	

The cumulative balances of Unit Linked investments reported at Rs.1688.31 crore in 2003-04 went up significantly to Rs.25888.14 crore in 2005-06 and further to of Rs.67049 crore in 2006-07. The share of investments of Unit Linked business in the cumulative life business therefore had gone steeply from 0.47 per cent in the year 2003-04 to 11.09 per cent in 2006-07. On an incremental basis, while the growth of investments during the last 2 years shows a steady pattern in respect of investments pertaining to traditional products, there

is a steep increase in respect of investments pertaining to Unit Linked business.

#### INVESTMENTS OF NON-LIFE INSURERS

Of the total investments by general insurers, Rs.18866 crore were held in Central govt. and State govt. Securities, in infrastructure and social sector Rs.6102 crore and in investments subject to exposure norms Rs.21671 crore as on 31<sup>st</sup> March, 2007, as against Rs.16740 crore, Rs.4980 crore, Rs.17492 crore for the previous year.

TABLE 31  
TOTAL INVESTMENTS OF GENERAL INSURERS : FUND-WISE

(Rs.Crore)

PATTERN OF INVESTMENTS	2004-05		2005-06		2006-07	
	TOTAL	% to Fund	TOTAL	% to Fund	TOTAL	% to Fund
G. Sec	10366	28	11670	28	13231	26
Other approved Securities incl. G. Sec	14964	40	16740	40	18866	37
Housing and Fire Fighting Equipments	2647	7	3107	7	3742	7
Infrastructure and Social Sector	4389	12	4980	12	6102	12
Investment Subject to Exposure Norms (incl. OTAI)	15410	41	17492	41	21671	43
Other than approved Investments	4025	11	4078	10	3884	8
<b>TOTAL</b>	<b>37411</b>	<b>100</b>	<b>42319</b>	<b>100</b>	<b>50382</b>	<b>100</b>

Note : Investments of CHNHB Association and AIC of India has not been included.

Public sector non-life companies invested Rs.16606 crore in Central Govt and State Govt Securities (37.60 per cent of their total investments), Rs.5051 crore in infrastructure and social sector (11.43 per cent of their total investments) and Rs.19323 crore in investment subject to exposure norms (43.75 per cent of their total investments) as against Rs.15151 crore (39.33 per cent), Rs.4413 crore (11.46 per cent) and Rs.16169 crore (41.98 per cent) respectively in the previous year. Investments of the private insurers in the above sectors stood at Rs.2260 crore (36.39 per cent), Rs.1052 crore (16.93 per cent) and Rs.2349 crore (37.81 per cent) as against Rs.1590 crore (41.84 per cent), Rs.567 crores (14.92 per cent) and Rs.1323 crore (34.82 per cent) respectively as on 31<sup>st</sup> March, 2006.

## V) Health Insurance

Liberalisation of the insurance sector as well as the increasing demand for health insurance covers, especially from the middle class, have given a fillip to the growth of health insurance in the country and today the sector is emerging as fastest growing segment in the non-life insurance industry. In 2006-07, health insurance premium stood at more than Rs.3200 crore registering an increase of 35 per cent. Over the last five years the premium has nearly doubled. Despite this, health insurance penetration in India continues to be low. There are several other challenges in the health sector—from the perspective of policyholder, insurers and the Authority.

With a view to promoting health insurance in the country and looking for possible solutions to bring in as many people as possible into the insurance net, the IRDA has, over the last few years, gave special thrust to addressing various issues concerning health insurance. These initiatives not only develop health insurance in the country but also address the concerns of the policyholders of health insurance. The grievance redressal system set up by the Authority enables a detailed analysis of policyholder grievances and health insurance stands out as a major area of concern from the customer viewpoint. It was in this backdrop that the IRDA set up The National Health Insurance Working Group towards the end of 2003. This provided a platform for stakeholders of the health insurance industry to work together to suggest solutions to various relevant issues. Some of the Working Group's recommendations were implemented and some are under examination.

The industry has recently seen the entry of a second stand-alone health insurance company. Some more are in the offing. Given its potential, health insurance business has generated considerable interest among the existing general and life insurers. Innovations in products are taking place though there is always scope for further enlargement of the canvas. Whilst on this, mention must be made of a stand-alone policy covering HIV that has been recently introduced in the market by one of the insurers. Many other innovative covers are being devised and are likely to come into the market.

To handle the plethora of issues relating to health insurance with focused attention, a separate health department was set up in IRDA. The team in the health unit has recently been strengthened and shall be scaled up further if required.

## Third Party Administrators

Third Party Administrator (Health Services) have grown and are further consolidating their position. Two more companies have been granted licence to act as TPAs. TPAs are on the steady path of growth by enlarging their network. People trained on ICD-10 coding have been positioned in TPA's to facilitate analysis of health insurance related data.

**TABLE 32**  
**TPA (INFRASTRUCTURE)**

Name of TPA	Hospitals Added in the Network	Number of Offices/ branches opened	Manpower including Doctors/ Professionals Added
Family Health Plan Ltd.	653	0	-100
Heritage Health Services	254	0	45
Raksha TPA Private Ltd.	720	5	57
TTK Healthcare Services Ltd.	719	2	285
Paramount Health Services	52	0	20
Medi Assist India Private Ltd.	1558	9	143
Vipul MedCorp TPA Private Ltd.	157	6	55
MD India Healthcare Services Pvt. Ltd.	332	4	81
Genins India Ltd.	519	0	20

Increasing number of hospitals in different parts of the country has been included in the TPA network for cashless settlement of claims arising out of health insurance policies. This is a welcome indicator as it reveals that health insurance policy holders across the country are now able to get cashless treatment in hospitals.

The following table gives the time taken by the TPAs in settling the claim.

TABLE 33

## THIRD PARTY ADMINISTRATORS - CLAIMS DATA

Claims Received	Claims Settled – Annexure				Claims outstanding
	Within one month	Within 1-3 months	Within 3-6 months	More than 6 months	
1840298	1406815 (76.44)	367298 (19.96)	44711 (2.43)	10291 (0.56)	156925 (8.53)

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

It is observed from the above table that 76.44 per cent of the claims received were settled within one month. This is a marked improvement over the last year's level of 64.8 per cent. Similarly, outstanding claims as percentage of total claims reduced from 9.29 per cent in 2005-06 to 8.53 per cent in 2006-07.

#### vi) Business in the rural and social sector

The Regulations framed by the Authority on the obligations of the insurers towards rural and social sectors stipulate obligations to be fulfilled by insurers 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 if the operations 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 LIC and public sector general 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 i.e. before the issue of regulations.

#### Obligations of life insurers:

- Rural Sector Obligations:* All the sixteen life insurers, including the public sector insurer, LIC have fulfilled their obligations towards the rural sector. The number of policies underwritten by them in the rural sector as a per cent of the total policies underwritten in the year 2006-07 was as per the obligations applicable to them. LIC, in compliance with its obligations, underwrote a higher percent of policies in rural sector, than were underwritten in the year 2001-02.
- Social Sector Obligations:* Of the sixteen life insurers, fourteen have fulfilled their social sector obligations during 2006-07. The number of lives covered by them in the social sector was above the stipulated obligations. The LIC, in compliance with its social sector obligations covered a higher number of lives than was covered by it in 2001-02.

Two private sector companies did not comply with their social sector obligations. The details are:

Bharti Axa Life Insurance Co. Ltd. which commenced its operations in August 2006 fell short of meeting its obligations in social sector. Against a proportionate obligation of coverage of 3333 lives in about 8 months of operations, they have covered 3067 lives. The shortfall has been waived as the insurer is in first year of operations and the shortfall is negligible.

Shriram Life Insurance Company Limited commenced its operation in February 2006. They are obliged to cover 7500 lives. They covered only 5952 number of lives. As the shortfall was observed for the second year in succession, a penalty of Rs.5 lakh has been imposed on the insurer. They have also been advised to cover the shortfall in the current year i.e., 2007-08. This company has submitted revised data and according to that they covered only 5952 number of lives. The company further submitted data for 2005-06 which the Authority is examining.

#### Obligations of non-life insurers:

- Rural Sector Obligations:* All the eight private sector non-life insurers met their rural sector obligations in

2006-07. The gross direct premium underwritten by them in the said sector, as a percentage of total premium underwritten in 2006-07, was above the prescribed stipulations. All the four public sector insurers complied with the rural sector obligations for 2006-07. With respect to the public sector insurers, their obligations are indicated against the quantum of insurance business done by them in the accounting year ended 31<sup>st</sup> March, 2002.

- (b) *Social Sector Obligations:* All the eight private sector non-life insurers met their social sector obligations in 2006-07. The number of lives covered by them in the social sector was also higher than the regulatory stipulations. While, three public sector insurers complied with the social sector obligations for 2006-07, New India Assurance Co. Ltd. fell short of compliance towards the sector. With respect to the public sector insurers, their obligations are indicated against the quantum of insurance business done by them in the accounting year ended 31<sup>st</sup> March, 2002. In case of New India, a penalty of Rs.5 lakh has been imposed for non-compliance with its social sector obligations and was advised to fulfill the shortfall in 2007-08 and 2008-09.

## vii. Accounting and Actuarial Standards

### I. Accounting Standards

Additional measures taken by the Authority to improve the transparency and disclosures in reporting in the financial statements are:

1. Prudential norms for Income Recognition, asset classification and provisioning and other related matters.

Clause 7 of Part I of Schedules A and B of the IRDA (Preparation of Financial Statements and Auditor's Report) Regulations 2002 require that "Loans shall be measured at historical cost subject to impairment. Insurers shall assess the quality of its loan assets and shall provide for impairment. The impairment provision shall not be lower than the amount derived on the basis of guidelines prescribed from time to time by Reserve

Bank of India that apply to companies and financial institutions".

While insurers have already adopted the RBI guidelines in this regard as stipulated, keeping in view the specific requirements of the insurance industry, the Authority formalized the norms for income recognition, asset classification and provisioning and other related matters in respect of debt portfolio. The norms are effective financial year 2006-07.

2. Unit Linked Disclosure norms

The format of reporting under the IRDA (Preparation of Financial Statements and Auditor's report of Insurance Companies) Regulations, 2002 has been modified to ensure transparency and consistency in the disclosures across the industry. The regulations require life insurance companies to file segment wise information. At the time of framing the regulations, it was not envisaged that unit linked products would gain so much popularity. As such, detailed disclosure norms were not stipulated for ULIP products in the financial statements. In order to bring standardization in the reporting, the Authority stipulated disclosure norms for the unit linked business. The reporting format requires insurance companies to segregate the unit linked revenue into (i) Non –Unit Funds and (ii) Unit Funds. The additional reports form Addendum to the Form (A-RA). Reporting formats have been prescribed to capture information on the operations of various funds. Additional disclosures requirements namely, NAV, performance of the respective funds (growth per cent) for three years and since inception; and details of investments held under respective funds have been stipulated as part of the Annual Report. Other aspects requiring disclosures include related party transactions and fund-wise disclosure of appreciation and/or depreciation in value of investments. The disclosure requirements were effective from 2006-07, and have been complied with by all insurers. Such disclosures provide additional information to the policy holders who bear the risks associated with the investments made under the unit linked products.

## II (a) Appointed Actuary System

One of the main areas which engage the attention of actuaries is the assessment of financial risks in the operation of the insurance companies so that the products sold by them do not contribute to huge financial risks. In this context they ensure that the solvency of the company is maintained at all points of time.

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, 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 statement. 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.

### *Peer Review*

While analyzing the availability of solvency in the insurance companies, one of the methods followed to ensure consistency and acceptability to the liability estimates prepared by actuaries is peer review system. In some parts of the world peer review system is vigorously followed so that both the appointed actuary and his company could draw comforts to the results derived by the valuation actuary. No doubt this will add significant comforts to the regulators also. In India, peer review system is in vogue for the past four years. The professional guidance note released by the professional body helps the actuaries in pursuing this approach more confidently. It is very important to recognize that in addition to the regulator and the profession, the policyholders interests' are also protected through this mechanism.

### *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 reconstituted a new Actuarial Review Committee for the year 2007, comprising:



1. K.P. Narasimhan
2. N.M. Govardhan
3. R. Ramakrishnan
4. J. Salunkhe
5. P.A. Balasubramanian

The Committee reviews the statutory returns of the insurers and examines the functions of the 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 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, "Institute of Actuaries of India" is

constituted in place of existing Actuarial Society of India with the following objectives:

- H To promote, uphold and develop the standards of professional education, training, knowledge, practice and conduct amongst Actuaries;
- H To promote the status of the Actuarial Profession;
- H To regulate the practice by the members of the profession of Actuary;
- H To promote, in the public interest, knowledge and research in all matters relevant to Actuarial science and its application; and
- H 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 affecting 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, 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 is also a raw material source to a large number of industries like textiles, silk, sugar, rice, flour mills, milk



products. The Indian economy is based directly or indirectly on agriculture. It would not be wrong to say that the criticality of this sector is such that any change has a multiplier effect on the economy. Productivity of agriculture is contributed by many inputs such as soil, seeds, fertilizers, and management practices. However, weather risk is the only significant uncontrollable risk among all other production risks. A study by the Crop Insurance Cell of General Insurance Corporation of India shows that a mammoth 90 per cent of the reasons of crop failure can be attributed to various weather related deviations, be it deficiency or excess rainfall, high or low temperature, excessive wind speed or high relative humidity.

Weather Insurance is an insurance product based on a weather index which provides insurance for losses arising due to vagaries of weather. These weather indices could be deficit/excess rainfall, extreme fluctuations of temperature, relative humidity and/or a combination of above. Detailed correlation analysis is carried out to ascertain the way weather impacts yields of the crops to arrive at compensation levels. The basic idea is to estimate the percentage deviation in crop output due to adverse deviations in weather conditions. Hence, it is a financial protection based on the performance of specified index in relation to a specified trigger.

The general insurance companies have experimented with several weather insurance schemes for agriculture during the last two years which are easy to administer, are designed considering location's agro-climatological properties, do not entail long term-liabilities on governments or insured, are rated based on actuarial principles and offer high level of flexibility in terms of indemnity level and coverage.

Agriculture Insurance Company of India Limited underwrites two types of crop insurance products;

1. Government supported products, viz. National Agricultural Insurance Scheme (NAIS), where AIC is the Implementing Authority (IA).
2. Company's own products: The Company has been designing from time to time need based new insurance products. These products can be broadly classified as under:

a) Weather & Index Insurance Products: Varsha Bima, Rainfall Insurance, Coffee Insurance, Wheat Insurance & Mango Insurance. These products cover weather based perils & are operated on 'Area Approach' basis.

b) Traditional & Named Peril Insurance Products: like Potato Insurance, Bio-Fuel Tree/Plant Insurance, and Poppy Insurance. These products operate at individual farm level with losses being assessed on individual basis.

The list all products is as under:

**TABLE 34**

**BRIEF DETAILS OF CROP INSURANCE POLICIES OF AIC LTD.**

S. No.	Product	Scope/ Coverage	States	No. of Locations (App)
1	Varsha Bima	Deficit Rainfall	15 states	140
2	Coffee Insurance	2005-06 yield + Deficit rainfall 2007-08 Adverse rainfall	Karnataka KTK/TN/ Kerala	3 40
3	Poppy Crop Insurance	Named perils (Natural calamities +pests & diseases)	MP, Raj., UP	CBN Notified locations
4	Wheat Insurance	Biomass + temp. + rainfall	Hary. & Punjab	12
5	Mango Insurance	Un-seasonal R/F + temp+ frost + wind	Maharastra & Uttar pardesh & AP	5
6	Rainfall Insurance	Deficit & Excess rainfall	UP, Raj, MP Maha, Gujrat	100
7	Potato Crop Insurance	Named perils (Natural calamities+pests & diseases)	Maharashtra & WB	5
8	Bio-Fuel Plant/ Tree Ins.	Named perils (Natural calamities +pests & diseases)	Available in all parts of India	Available in all parts of India
9	Weather Ins. (Rabi)		UP, Raj, MP Maha,	75

The year of introduction of these products is given below :

**TABLE 35**

**LIST OF PRODUCTS INTRODUCED BY AIC LTD.**

S.No	Year	Product
1	2004-05	Varsha Bima
2	2005-06	Varsha Bima Coffee Insurance Mango Insurance Poppy Insurance Wheat Insurance Sukha Suraksha Kavach
3	2006-07 (Kharif)	Potato Insurance -Kharif Potato Insurance -Rabi Rainfall Insurance Weather Insurance Bio-Fuel Insurance

Weather Insurance was launched by ICICI Lombard three years back. Till the year 2006, ICICI Lombard has executed close to 90 weather insurance deals across the country which have provided weather insurance solutions to about 2,00,000 farmers covering an area of about 2,50,000 acres. These 90 deals represent experience in wide ranging crops such as groundnut, castor, cotton, wheat, coriander, kinnu, cumin, black gram, soybean, grapes, paddy and oranges. The deals were executed across 13 states.

The result of the policy for the year 2006 is as under:

- H The product is in 8 states
- H 150 Districts
- H 68600 farmers

across the scheme cover.

The potential for weather insurance in a monsoon dependent country like India is immense. It can act as a risk mitigation tool for farmers and give them liquidity due to quicker turnaround times for claims settlement. Some of the other entities that can benefit from it are agro-based companies,

micro finance organizations, other rural financial organizations and governments. By bringing about stability to a critical sector of the economy, it can have a multiplier effect thereby fuelling growth of the economy.

**ix) 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 10<sup>th</sup> November 2005.

The Micro-Insurance regulations, 2005 allow the sale of both term assurance as well as savings-linked insurance policies along with riders, on the life insurance side. Under non-life, covers include dwellings, live stock, tools & implements, personal accident covers and crop insurance. Health insurance, however, is allowed to be offered by both life and non-life insurers. Composite covers or package products can also be offered by the insurers through a tie up with the corresponding life/non-life counterparts.

This has provided framework for insurers to design suitable micro-insurance products. Norms are also laid down to recognize micro-insurance agents, like Non-Government Organizations (NGO) and Self Help Groups (SHG). The relaxation of the KYC norms under Anti Money Laundering Act requirements, upto a premium of Rs.10,000/- per annum help the Micro-Insurance sector. The Advertising guidelines notified on 14<sup>th</sup> May 2007 provide for release of joint sales advertisements by the insurers and Micro-Insurance Agents.

A modest beginning has been made in the first year after notification of Micro Insurance regulations. While twelve Micro-Insurance products have been filed by six life insurers, eight Micro-Insurance products have been filed by four non-life insurers till date.

## OPERATIONAL RISKS IN THE INSURANCE INDUSTRY

Risk management is the 'mantra' of modern business and of late the importance in operational risk management has been increasing because of increasing number of large size operational losses, increasing reliance on technology with associated risks and deregulations and globalization. Operational risk assumed prominence since episodes of Barings, Enron etc. The financial services industry which is now relying on highly sophisticated financial engineering together with technology is yet to recognize the associated risks. The Basel Committee on Banking Supervision recognized this and stated that growing use of highly automated systems has the potential to transform high frequency and low severity manual processing errors into low frequency and high severity system failures. Further, the growing use of internet in conducting business also posed risks such as fraud and security which are yet to be properly understood by the business. It is therefore important that business recognizes these areas which cause such kind of operational failures and try to mitigate them by using appropriate risk mitigating techniques.

In the insurance industry, in addition to the above factors, it is important to recognize that the value of an insurance company is nothing but the present value of its future cash-flows adjusted for risks. Shareholders value can be increased by reducing the volatility of future cash-flows. In the last few years, financial institutions had developed many sophisticated techniques to manage various risks and in-spite of this volatility in earnings is still matter of concern. Many studies have shown that a major source of such volatility is not related to financial risks but the way in which the company operates.

What differentiates operational risk from financial risk is the mean effect. Normally, market risk and interest rate risk are considered as zero mean rate risk. A company is equally likely to suffer or gain from market and interest rate movements. Operational losses from a few insurers can cost significant damage to the market value of the whole industry due to contagion effect.

Operational risk is defined as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". This definition includes legal risk, but excludes strategic risk, reputational risk, and systemic risk. An earlier definition distinguished between "direct or indirect loss", but since indirect loss could be construed as opportunity cost which is not intended to be provided for under operational risk capital this distinction has been dropped. There are four sources through which operation risk could occur, viz., people, processes, systems and external factors. If we have to consider various types of operational risk, Basel Committee classified the term as follows:

- i. Employment Practices and Workplace Safety
- ii. Internal Fraud
- iii. External Fraud
- iv. Damage to Physical Assets
- v. Business Disruption and System Failures
- vi. Execution, Delivery and Process Management
- vii. Clients, Products and Business Practices

Ever since operation risk assumed prominence, the financial institutions like banks etc. try to provide capital for covering operation risks. In this context, measurement of (or) assumes more importance. There are three methods of calculating operational risk capital in order of increasing sophistication and risk sensitivity.

1. **Basic Indicator Approach:** This is an elementary, top-down approach that can be followed by any company irrespective of its size or complexity. Under this approach, the operational risk capital is calculated using a proxy indicator for the entire company proposed as the average annual gross income over the previous three years. This indicator is multiplied by a parameter  $\alpha$ , which is given by an internal committee or by the regulator. This parameter is calibrated so that the operational risk capital equals 12 percent of minimum regulatory capital.
2. **Standardized Approach:** This method breaks out the above calculation by business line. For each business line, the operational risk capital is calculated as  $\alpha \times \text{Indicator}$ . Originally, the Committee had proposed a variety of indicators such as gross income, annual average assets, total assets under management, and annual settlement throughout, depending on the particular line of business. However, in the absence of demonstrably increased risk sensitivity, the Committee specified that average annual Gross Income over the previous three years be used for all business lines.
3. **Advanced Measurement Approach:** Under this, the regulatory capital requirement will equal the risk measure generated by the bank's internal operational risk measurement system using the quantitative and qualitative criteria. The use of advanced measurement approach is subject to supervisory approval.

Time has come for the Indian insurance industry to pay due attention to operational risk issues and address them in an adequate manner so that these risks are suitably identified at an early stage and risk mitigating measures are put in place. Compelling reasons for this are: (i) Unlike other risk factors, operational risk takes a long time to surface; In the case of credit risk or interest rate risk, the moment the interest rate changes or credit rating changes, the company assesses the impact of these changes. If there is a serious error in the policy document and a policyholder goes to court, then the operational risk factor is felt only when the court judgment is given. (ii) The contagion effect of operational risk from one insurer to another insurer needs to be recognized. If an insurer has huge operational risks, the policyholders may lose interest in its insurance products. This lack of confidence in insurance products impacts other potential buyers of insurance products from other insurance companies as they lose confidence which will have an adverse impact on the insurance business. In the days of financial convergence, customers will switch from one financial product to another. In the long run this will significantly affect the insurance companies. (iii) In a similar vein, if an insurer who has higher operational risks, transfers risks to a financial intermediary belonging to another financial system say banks / NBFCs there could be a systemic impact which will destabilize the financial system.

All the above clearly endorse the importance of operational risks which are to be recognized well in advance. Companies must put in place well defined processes for each activity and these processes must be reviewed periodically.

**x) Directions, orders and regulations issued by the Authority**

The Authority has made mandatory for all the brokers to insert the word 'Insurance Broker / Brokers / Broking' in the name of their company. The Authority also issued guidelines vide Circular No.: 011/IRDA/CIR/BRO/May07 dated 21<sup>st</sup> May, 2007 on documentation and procedural requirements for seeking a broker's licence.

**xi) Right to Information Act, 2005**

During the year 2006 -2007 the Authority nominated the following Officers and Public Information Officer under the Section 19 (1) of RTI Act, 2005.

Shri C R Muralidharan, Member continues to be the Appellate Authority under Section 19 of the said Act.

	<b>Name of the PIO</b>	<b>Subject related to</b>
1.	Mr Prabodh Chander	Non-Life, Hindi, Health Insurance and Legal
2.	Mr. K Subrahmanyam	Actuarial
3.	Mr. M M Siddiqui	Intermediaries & Inspections
4.	Mr. Kunnel Prem	Life Insurance
5.	Mrs. Vedakumari	Agents' Training Institute, Corporate Agency and any other residuary matters

During the year 2006 – 2007, 120 applications were received by the Authority. Out of them 78 applications were disposed and 42 were rejected. 7 Appeals were received by the Appellate Authority and all of them were accepted.

## PART II

### REVIEW OF WORKING AND OPERATIONS

#### i) Regulation of Insurance and reinsurance companies

The Authority, in order to discharge the functions specified in Section 14 of the Insurance Regulatory and Development Authority (IRDA) Act, 1999 has notified the regulations given in the Annex II. The regulatory framework broadly covers such aspects as entry level requirements including those pertaining to minimum paid-up capital, 'fit and proper' management, 'file and use requirements, and filing of regular returns to the Authority, to carry out its statutory functions to regulate, promote and ensure orderly growth of insurance and re-insurance business.

During the year 2006-07 the following regulation was notified:

1. IRDA (Reinsurance Cession) (Notification) Regulations, 2007

#### ii) Intermediaries associated with the insurance business

##### *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. The number of agents with LIC as at 31<sup>st</sup> March 2007 was 11,03,047 while the private sector had 8,90,152 agents. However, while the net increase in number of agents of LIC was 5 per cent, the private sector numbers increased by 140 per cent in the year 2006-07.

The agency network has spread over all the states; however, the number of agents per 1000 population has varied across the states. At the national level, only 2 agents serve 1000 people. Chandigarh has 20 as against the national average of 2. The density of agents in states such as Goa, Kerala and Delhi is way ahead of the national average while in the north eastern states other than Assam it is far below the national average. The presence of agents is well below the national average in the four populous states of Uttar Pradesh, Bihar,

Madhya Pradesh and Rajasthan. It is worthwhile to mention here that the agency presence of private sector has overtaken that of LIC in states such as Gujarat, Haryana, Jammu & Kashmir, Kerala, Orissa, Punjab, Chandigarh and Delhi. (Statement 61)

##### *Corporate Agents*

No fresh guidelines have been issued by the Authority in the year 2006-07.

##### *Insurance Brokers*

During the year 2006-07, 25 broking licenses were issued, of which 24 were direct broker licenses and one composite broking license. The renewal licenses were issued to 101 brokers. The total number of licenses issued as on 30-08-2007 were 258, of which 223 are direct brokers, 30 are composite brokers and 5 are reinsurance brokers. As on August 30, 2007 there were 242 insurance brokers with valid licenses. The capital employed by brokers in 2004-05 was Rs.158.03 crore and they earned an income of Rs.258.10 crore. In 2005-06, the capital employed by them was Rs.180.27 crore and income earned was Rs.390.36 crore, showing an increase of 51 per cent in 2005-06. The brokerage commission earned by Brokers in the year 2005-06 was about Rs. 355 crore showing an increase of 50 per cent over the preceding year. It will be of interest to note that broking companies are seeking licenses in smaller towns like Bharuch, Surat, Baroda, Rajkot, Thrissur, Indore, Ahmedgarh, Nanded, Udaipur, Varanasi etc. In addition, many have expanded their branch networks, thereby making services available in large number of B and C category towns.

##### *Channel-wise New Business Performance*

##### *Individual Business:*

In order to spread the message of insurance to the remote corners of the country, the Authority has enlarged the scope



of distribution from earlier single channel system of tied agencies to multiple channel set-up comprising of corporate agents including bancassurance, brokers and referral providers. The initiative appears to have borne fruit looking at the fact that within a few years of coming into existence, the new channels have contributed around 12.5 per cent of new business premium procured in the year 2006-07. The new channels have thus added value in terms of expanding the

market. The private insurers have particularly taken advantage of the new channels as evident from the 34 per cent share of premium mobilized through new channels during the year, as against a mere 3 per cent mobilized by LIC. It is pertinent to mention that corporate agencies which include bancassurance have contributed over three-fourths of the business mobilized through all the new channels.

**TABLE 36**  
**INDIVIDUAL NEW BUSINESS PREMIUM OF LIFE INSURERS FOR 2006-07**  
**CHANNEL-WISE** (Per cent)

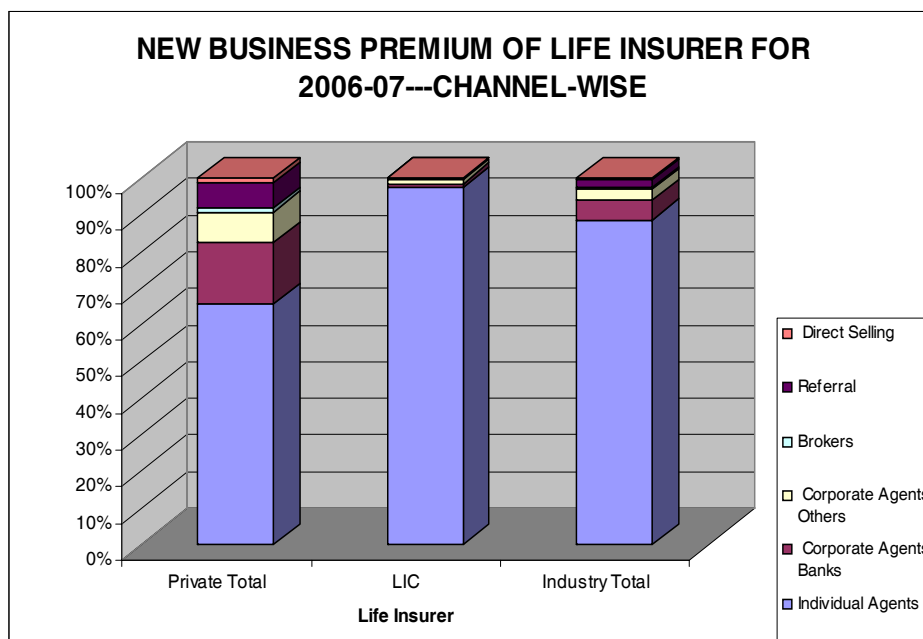
Life Insurer	Individual Agents	Corporate Agents		Brokers	Referrals	Direct Selling	Total New Business
		Banks	Others*				
Private	65.80	16.58	8.41	1.05	6.77	1.39	100.00
LIC#	97.28	1.24	0.90	0.34	0.24	0.00	100.00
<b>Industry Total</b>	<b>88.62</b>	<b>5.46</b>	<b>2.96</b>	<b>0.54</b>	<b>2.04</b>	<b>0.38</b>	<b>100.00</b>

\* Any entity other than banks but licensed as a corporate agent.

# Does not include its overseas new business premium of Rs.18.92 crore.

Though business acquired through direct marketing appears insignificant at present, it would be interesting to watch how this channel catches up in future. The tied agency channel

continues to largely hold its ground with a share of 87.5 per cent of the total new business premium.



*Group Business:*

Because of complexity in group products, insurers, by and large, prefer to sell them directly. Over 97 per cent of the

group premium is sold under the direct mode in the year 2006-07. The group business constitutes 19.88 per cent of the total new business secured in the sector.

TABLE 37

**GROUP NEW BUSINESS PREMIUM OF LIFE INSURERS FOR 2006-07**  
**CHANNEL-WISE**

(Per cent)

Life Insurer	Individual Agents	Corporate Agents		Brokers	Referrals	Direct Selling	Total New Business
		Banks	Others*				
		Private	0.23				
LIC	—	—	—	—	—	100.00	100.00
<b>Industry Total</b>	<b>0.04</b>	<b>2.34</b>	<b>0.02</b>	<b>0.22</b>	<b>0.01</b>	<b>97.37</b>	<b>100.00</b>

\* Any entity other than banks but licensed as a corporate agent.

In the case of LIC the entire group business was handled directly by itself. In the case of private life insurers 85 per cent of the group business was handled directly. 13 per cent of the group business is handled through bank assurance by the private insurers.

*Surveyors and Loss Assessors*

The Government of India appointed a committee to look into the suitability of forming an institute for surveyors and loss assessors similar to those of the Chartered Accountants, Cost and Works Accountants and Company Secretaries. As a follow up of the recommendations of the Committee, 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 the registered office at Hyderabad. The Memorandum of Understanding and Articles were drawn up with the approval of the Regional Director, Department of Company Affairs, Chennai. The IRDA called for applications for membership to the Institute. 4340 members were found to be eligible to contest / vote for the elections to the first Council of the Institute. The election process was completed and the results were declared on 11<sup>th</sup> September, 2007. With the nominations from the Government and the Authority, the new Council will be constituted.

The Authority issues licenses to surveyors and loss assessors in terms of Section 64UM of the Insurance Act, 1938. An individual, a company or a firm wanting to act as surveyors and loss assessors has to make an application to the Authority in the prescribed format for the purpose. The Insurance Surveyors and Loss Assessors (Licensing, Professional Requirements and Code of Conduct) Regulations, 2000 lay down the process of application for procurement of license.

During the last financial year, the Authority has enrolled 792 applicants as Trainee surveyors and issued 238 fresh licenses to trainee surveyors on completion of practical training and passing of the requisite examinations. The Authority also received 1672 requests for renewal of licenses during 2006-07 out of which 1624 have been issued/renewed licenses on fulfillment of all the Regulatory requirements. Further, for the first half of 2007-08, 894 requests for renewals have been received out of which 801 requests have been processed and issued renewed licenses.

**iii) Litigations, appeals and court pronouncements**

IRDA has a dedicated legal department to provide in-house legal assistance, legal opinions, interpretation of Statutes and to attend to all litigation matters. 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.

Some of the important decisions that have a bearing on the working of the insurance companies and the regulatory framework are mentioned below:

*W.P. No. 81/2007 in the High Court of Kerala at Ernakulam Kasarogode Taluk Bus Owners Association & Others Vs. IRDA*

The petitioners have challenged the decision of the IRDA relating to fixation of tariff in respect of motor vehicles for third party insurance. The Hon'ble High Court after having noted that the tariff has since been slashed during the pendency of the writ petition observed that there is no lack of jurisdiction or lack of authority for IRDA in the matter of fixation of tariff and refused to entertain the said writ petition.

The Court noted that IRDA has demonstrated that it has considered all relevant material and also afforded an opportunity of hearing to the petitioner before fixation of the rates. The Court also observed that Sec. 146 of the Motor Vehicles Act, 1988 that seeks compulsory insurance to third party does not give the petitioner any added advantage to stand against any decision of the Authority on the question of tariff.

*M.A.T. No. 25/2007 in the Hon'ble High Court of Kolkata Federation of West Bengal Truck Operators Assn Vs. IRDA & Ors.*

A Division Bench of the Hon'ble High Court of Kolkata refused to grant any stay of the operations of IRDA circular relating to

fixation of premium for motor vehicles to cover insurance of third party liability.

Dismissing the application for interim stay and upholding the order of the Single Judge for refusal of stay, the Hon'ble Division Bench in its order dated 04.01.2007 observed as under:

*"After hearing the learned advocates for the parties and after going through the aforesaid materials, we are of the view that in this type of a writ application where amount of premium for insurance is involved, court should be slow to interfere at the interim stage thereby staying operation of the order unless error apparent on the face of record or want of authority on the part of the respondents is manifest."*

The Hon'ble High Court has further observed that:

*"Moreover, enhancement is for an amount of Rs.4,000/- and odd for a year which comes to Rs.300/- and odd a month. In such a situation, we are of the view that at this stage, no interim order should be passed restraining the respondents from realizing the enhanced amount before decision on merit."*

*W.P. No. 282/2007 in the Hon'ble Supreme Court of India General Ins. Council & Ors vs. State of AP & Ors.*

The Hon'ble Supreme Court vide its order dated 09.07.2007 has directed all State Governments and Union Territories to instruct the concerned police officers on the need to comply with the requirement of Sec. 158(6) of the MV Act, 1988 keeping in view the requirement in Rule 159 and Form 54 of the Central Motor Vehicles Rules.

The Hon'ble Supreme Court was of the view that since this is a mandatory requirement under the statute, there is no justifiable reason as to why the requirement is not being followed.

*It also directed that periodical check shall be done by the Inspector General of Police concerned to ensure that the requirements are being complied with and in case of non-compliance, appropriate action should be initiated against the erring officials.*

Pursuant to the aforesaid directions of the Supreme Court, the Authority has issued letters to DGP's of all States & CP's

of all Union Territories on the need to comply with the aforesaid directions of the Hon'ble Supreme Court.

*W.P. No. 18367/2006 in the High Court of Delhi  
Rajinder Gupta Vs. New India Assurance Co. Ltd.*

The petitioner challenged circular dated 09.06.06 of the insurance company whereby the company decided not to grant any commission on commercial vehicles of all ages (passenger and goods vehicles) except tractors.

The Hon'ble High Court vide its order dated 11.12.2006 was of the view that there is no illegality in the decision taken by the respondent insurance company nor is there any procedural unreasonableness to interfere with the decision of the insurance company. Hence, the writ petition was dismissed.

*Order of the Hon'ble National Consumer Disputes Redressal Commission in M.A. No. 102/2007 – Malana Power Company Ltd. Vs. Oriental Ins. Co. Ltd. & ors*

In the aforesaid matter, the insurance company refused to furnish a copy of the survey report to the complainant stating that it is a private and confidential document to be used by insurer only.

The Hon'ble Commission was of the view that such refusal on the face of it was unjustified and against the provisions of IRDA (Protection of Policyholder's Interests) Regulations, 2002 and hence deplorable.

The Hon'ble Commission sent a copy of its order to the Authority for appropriate action. Accordingly, the Authority vide its circular no. 028/IRDA/Legal/Cir/Aug-07 dated 13.08.2007 has directed all non-life insurers to ensure that a copy of surveyor's report is sent to the insured when the insured approaches them.

*W.P. No. 550/2006 in the High Court of Bombay, Nagpur Bench  
Prashant Manohar Elkunchwar Vs. IRDA*

The petitioner was a licensed surveyor empanelled with New India Assurance Co. Ltd. The company stopped giving him any work since he does not have the categorization from IRDA. IRDA contended that the petitioner had not applied for categorization before 31.03.2001 i.e. the last date for such

categorization. The petitioner also did not apply for categorization even during the extended period upto 31.03.2002.

The Hon'ble High Court dismissed the writ petition after observing that the petitioner has applied much after the date notified by the Authority and that no fault can be found with the Authority in the circumstances.

#### **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 and 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 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

## FINANCIAL SECTOR ASSESSMENT PROGRAM

The financial crises in Mexico, Russia and East Asia in the 1990s brought to the forefront the significance of the stability of financial sector for the overall macro-economic soundness. As part of the process, the International Monetary Fund and the World Bank initiated a Financial Sector Assessment Program (FSAP) to evaluate the financial sector soundness and stability of the member countries. The broad objectives of the assessment are (i) crisis prevention & mitigation; and (ii) fostering financial sector development. The participation by member countries in FSAP is voluntary.

Initially, twelve countries were included as part of the pilot project and India was one of the countries which participated in the exercise in 1999. Thereafter, the Government and the Reserve Bank of India (RBI) jointly undertook a comprehensive self-assessment of international financial standards and codes covering *inter alia*, insurance regulation under the aegis of the Standing Committee on International Standards and Codes, which culminated in the publication of a Synthesis Report in 2002. An updated review of the same was published in 2005. The IMF and World Bank had also undertaken independent assessments of financial standards and codes for India since 2000 as part of Report on Observance of Standards and Codes (ROSC).

Drawing upon the experience gained during the FSAP and through the internal assessment of standards and codes as also recognising the relevance and usefulness of the analytical details contained in the *Handbook on Financial Sector Assessment* jointly brought out by the World Bank and the International Monetary Fund, in September 2005, the Government of India decided, in consultation with the Reserve Bank of India, to undertake a comprehensive self-assessment of the financial sector. To carry out the self-assessment, a Committee on Financial Sector Assessment (CFSA) (Chairman: Dr.Rakesh Mohan, Co-Chairman: Dr.D.Subbarao) has been constituted in September 2006. The exercise is being conducted in coordination with major financial regulators and experts drawn from the financial sector and would be subject to a peer review by international experts.

For the purpose of the assessment, the system is viewed as comprising three pillars that make up the major policy and operational components that are necessary to support orderly financial development and sustained financial stability, viz., Pillar I - Macro prudential Surveillance and Financial Stability Analysis; Pillar II – Development Issues and Pillar III - Assessment and Status of Implementation of International Financial Standards and Codes developed by various international bodies and standard-setting organizations. Based on the reports of assessment of Pillars I and III, and after an objective assessment of the extant position by independent experts, the gaps (institutional, infrastructure as well as legal) and the steps necessary for further development of the financial sector are evolved under Pillar II. The recommendations arising out of the analysis are expected to provide a roadmap for further improvements in the financial sector.

To assist in the process of assessment, the CFSA has constituted four Advisory Panels respectively for the assessment of Financial Stability and Stress Testing, Financial Regulation and Supervision, Institutions and Market Structure and Transparency Standards. The Advisory Panels will prepare separate Reports covering each of the above aspects. The Advisory Panels comprise of non-official experts with domain knowledge in respective areas and officials with similar expertise represented as Special Invitees. The panels are being supported by Technical Groups which comprise of officials drawn from various fields including RBI, SEBI and IRDA.

Under the auspices of the CFSA, IRDA has set up two independent technical groups to assess stability and standards pertaining to the regulation and supervision of the insurance sector, viz.,

1. Technical Group on Macro-prudential Surveillance – Financial System Stability and Stress Testing; and
2. Technical Group on Status & Implementation of Financial Standards & Codes (IAIS Insurance Core Principles).

The technical groups comprise of eminent persons drawn from the insurance industry, experts in the field of insurance and representatives of the Authority. The first technical group is addressing country-specific issues relating to (i) financial stability perspective; (ii) structural indicators; (iii) financial soundness indicators; (iv) stress testing; and assessment of insurance supervision. It covers industry wide issues including (i) competition and concentration - interest rate spread and prices of financial services; intermediary concentration ratios (market share of 3 or 5 of the largest institutions); financial market concentration ratios (market share of the largest financial instruments, as percentage of total financial assets); (ii) efficiency - interest rate spreads and intermediation costs (as percentage of total assets); and (iii) liquidity - ratio of value traded to market capitalization and average bid-ask spread. While addressing the micro level company issues factors such as capital adequacy; reinsurance and actuarial issues; management soundness; earnings and profitability; liquidity; and sensitivity to market risk are being factored.

The second technical group set up by IRDA has taken up the assessment of the IAIS Core Principles on insurance supervision, which utilizes diagnostic tools to assist in improving supervision globally, and can act as a roadmap for the reforms agenda in this sector. The reports of the two Technical Groups would be provided to the respective Advisory Panels under the auspices of the CFSA.



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, solvency, frauds, 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.

Some of the complainants insist on the Authority to resolve the dispute. While the Authority facilitates taking up the grievance with the Insurer for prompt resolution, it also reiterates that it does not have the power of adjudication and aggrieved parties are properly advised to approach the available quasi-judicial or judicial channels, i.e., the Insurance Ombudsmen, Consumer fora or the Civil courts in case they are not satisfied with the decision of the Insurer. The list of Insurance Ombudsmen along with their contact details are available on IRDA website under the heading 'Ombudsmen'.

#### *Non-Life Insurers*

As on 31<sup>st</sup> March 2006, there were 565 complaints pending with the general insurance companies for resolution. During 2006-07, 1618 complaints were received of which 1108 pertains to public sector companies and the remaining were to the private sector companies. Of the total grievances of 2183, 71 per cent of the grievances were resolved in the current year. While public sector companies resolved 80 per cent of the complaints, private sector insurers resolved 69 per cent.

As on 31<sup>st</sup> March 2007, 623 grievances were pending for resolution with the insurers; of which 517 are with public sector companies and the remaining with the private sector. Of the total pending grievances 33.86 per cent are policy related

issues, 45.59 per cent to non settlement / delay in settlement of claims, 15.89 per cent to repudiation / partial settlement of claim and the remaining for other reasons.

TABLE 38

## STATUS OF GRIEVANCES – NON- LIFE INSURERS

INSURER	PENDING AS ON 31/3/06	REPORTED DURING APR'06-MAR-07	TOT.NO.OF COMP AS ON 31/3/07	RESOLVED 1/4/06 TO 31/3/07	PENDING AS ON 31/3/07	Break up of pending grievance according to nature			
						(i)	(ii)	(iii)	(iv)
Public	550	1108	1658	1141 (68.81)	517	154	252	87	24
Private	15	510	525	419 (79.81)	106	57	32	12	5
TOTAL	565	1618	2183	1560 (71.46)	623	211 (33.86)	284 (45.59)	99 (15.89)	29 (4.65)

Note: Figures in brackets are percentages to the respective totals

- (i) Policy related issues
- (ii) Non settlement / Delay in settlement of claim
- (iii) Repudiation / Partial settlement of claim
- (iv) Other Reasons

966 grievances were reported to IRDA during the first half of the current financial year. Of these 543 were towards public sector non-life insurance companies and the remaining 423 were for the private sector companies. Public sector

companies resolved 291 grievances and private insurers resolved 340 grievances. As on 30<sup>th</sup> September 2007, 958 complaints are pending with the insurers.

TABLE 39

STATUS OF GRIEVANCES – NON LIFE INSURERS  
(HALF YEAR ENDED SEPTEMBER, 2007)

Insurer	Pending as on 31 <sup>st</sup> March 2007	Reported during Apr-07 to Sep-07	Total No.of Complaints as on 30.9.07	Resolved 1.4.07 to 30.9.07	Pending as on 30.9.07
Public Sector	517	543	1060	291	769
Private Sector	106	423	529	340	189
<b>Total</b>	<b>623</b>	<b>966</b>	<b>1589</b>	<b>631</b>	<b>958</b>

*Life Insurers*

Complaints received from policy holders, insurance intermediaries and from various other sources against different life insurance companies are being registered and tracked by the Authority as they provide significant inputs to the marketing practices and settlement procedures adopted by Insurers. During 2006-07, IRDA has received 861 complaints against various insurance companies. These complaints primarily pertain to issues relating to Adjustment of Premium, Policy

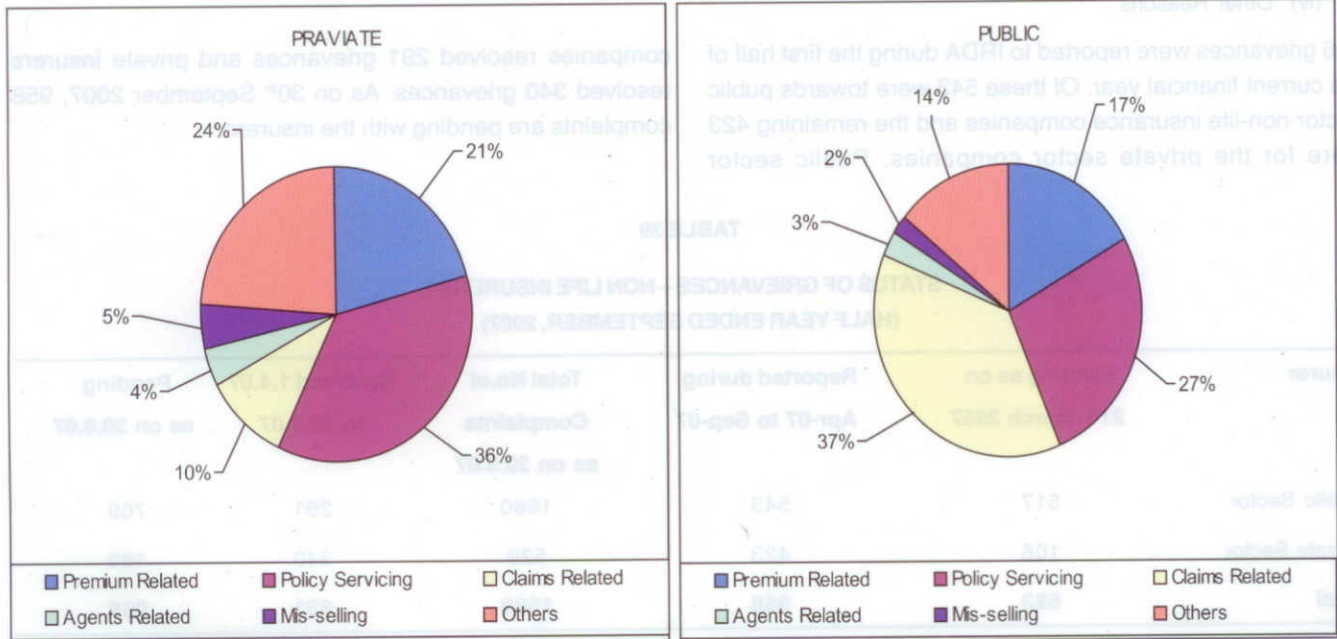
Servicing, Payment of Claims, Mis-selling and complaints received from the Agents – on non-payment of commission, non-issuance of NOC certificate, termination condition etc.

During 2006-07, out of the total 861 complaints registered with the Authority, 41.11 per cent pertains to LIC and 58.89 per cent pertains to Private Sector Insurance companies. The complaints received at the Authority mostly relate to inadequacies of service or complete disclosure of the terms of contract.

**TABLE 40**  
**STATUS OF GRIEVANCES—LIFE INSURERS**

Insurer	Outstanding as on 31.3.2006	Total Grievances Reported during current year	Total	Resolved During the year	Outstanding as on 31.3.2007
Public	1376	354	1730	1533	197
Private	403	507	910	808	102
Total	1779	861	2640	2341	299

The outstanding grievances are further classified according to nature of grievance. These have been pictorially presented in the following diagram:



## vi) Insurance Associations and Insurance Councils

### *Life Insurance Council*

Life Insurance Council is a body set up under section 64 C of the Insurance Act 1938. All registered life insurers are members and are represented by CEOs. There are two nominees from the IRDA, one of whom is the Chairman of the Council. The Secretary General functions as the chief executive of the Council. During the Financial Year 2006-07 the Council met five (5) times. The Council has formed several standing sub-committees. In addition as and when needed specific areas of work are taken up. 'Working groups' are constituted. The sub-committees follow committee-based approach for ensuring wider participation.

#### Brief outline of work in 2006-07

- H The Administration & HR sub-committee met once to ensure the Secretariat's transparent and orderly functioning. A set of rules and internal procedures were laid down in this regard.
- H A Statistical Data sub-committee was formed to address the important task of identifying the nature and extent of industry statistics that may be published by the Council. This sub-committee met twice during the year and finalised a data-set for 2006-07. The Secretariat has taken up further work on details to be published periodically as approved by the sub-committee and Council.
- H The Sub-committee of CFOs met four times during the year for formulating issues relating to taxation in general and Service Tax in particular for discussions with the Government. The industry's submissions were also sent through IRDA.
- H Distribution is important to the development of life insurance. The main channel is the large individual agency-force which is growing fast. In order to discuss emerging issues in training and examination of agents and related matters the Council formed the 'Intermediary Education' sub-committee which met three times during the year. Several discussions were held with the Insurance Institute of India and the IRDA. A

representation on duration of training and examinations was sent to IRDA for their consideration. Through this subcommittee the Council actively contributed to the revision of syllabus for mandatory agency training. The syllabus included a chapter on ULIPs.

- H With a view to creating the right kind of awareness and to ensuring regular dissemination of information about the sector, the Council formed a sub-committee on Insurance Awareness. This sub-committee will work in coordination with the IRDA in all areas of creating awareness across the country. During the year this sub-committee met and drafted a plan of action which was approved by the Council. Some steps are already under implementation. The Council's website too has been modified to reflect the importance given to this area.
- H The Underwriters sub-committee which met four times during the year, worked on an assignment to modify the existing Declined Lives Database, with a view to reducing response time. This database is maintained by TAC which completed a web-based prototype. Members have started using information from the database.
- H As approved by the Council a database is now in place at the Council's office, of agents whose services were terminated for reasons other than non-performance.
- H A proposal to set up an institution to conduct continuous study of mortality and morbidity data and publish information vital to the insuring public and the well-being of the life insurance sector, has been under discussion with the Institute of Actuaries of India (IAOI) for some time. It is expected that the Mortality & Morbidity Research Institute will become a reality in 2007-08.
- H During the year the Council coordinated with the efforts of IRDA in bringing out a full set of guidelines relating to 'Anti-Money-Laundering' measures and KYC norms in the life insurance sector.
- H To make a beginning in its role as a self-regulatory organisation the Council has been discussing a



voluntary code for members in the context of severe competition. During the year the Council adopted a 'code of best practice' for members and approved implementation thereof. Further, an additional 'code of conduct for ULIP products' has also been introduced. In the months following introduction, matters requiring attention of the Council were brought up. These were resolved effectively with display of maturity and understanding on all sides.

- H Council participated in a major market-survey by IIEF, on domestic savings in general and life insurance in particular across the country. Collected data has been installed in the insurers' computer systems. It is expected to be of use to the industry in planning. The costs were shared by insurers.

#### *General Insurance Council*

During the year 2006-07, the General Insurance Council had sixteen meetings and undertook the following tasks:

1. Facilitation of tariff – free regime of prices from 1.1.2007;
2. Formation of the Motor T.P. Pool;
3. Suggested changes needed in the Regulatory and Legislative framework such as the Insurance Act, 1938, IRDA Act, 1999, Motor Vehicles Act and Carriage by Road Bill;
4. Taxation issues of the Non-life Insurance Sector;
5. Undertaking publicity campaign for bringing about greater consumer awareness on the benefits of detariffing.
6. Submission of recommendations to IRDA for reviewing the guidelines on Anti-Money Laundering Act with reference to non-life insurance sector;
7. Strategy for campaign against uninsured vehicles following meeting with Ministry of Surface Transport;

The Council is focusing on issues pertaining to two major classes of general insurance business i.e. Motor Insurance and Health Insurance. On the Motor Insurance, the Council has made progress in liaising with various authorities:

- a) To bring about required amendments to the Motor Vehicles Act;
- b) To ensure prompt intimation from Police authorities on T.P. Claims,
- c) To adopt measures to reduce theft of vehicles and ensure proper identification,
- d) For exchange of data base on stolen vehicles;
- e) For reduction in the number of uninsured vehicles.

The Council is addressing issues pertaining to coverages, portability and policies for identified segments of the society in order to ensure growth in the Health Insurance sector.

The Council encouraged the underwriters of non-life insurance companies to set-up Underwriter forums to enhance camaraderie and rapport amongst the Underwriters with broad objectives of enhancing Customer Service Standards, maintain market discipline and pursue growth of business on ethical principles.

The Council is taking steps to facilitate further detariffing by having a common minimum Indian Market Wordings (IMW) for Fire, Engineering and Motor classes of business. It has also developed a code of best practices and corporate governance guidelines for non-life insurers. The Council is also putting in place system of sharing of information and data amongst companies on large losses.

With a view to ushering in the best global practices in the Indian Non-life Insurance Sector, the Council has already entered into Memorandum of Co-operation (MoC) with the General Insurance Association of Japan and the Association of British Insurers, U.K. Similar MoCs are under way with Insurance Bureau of Canada, Property and Casualty Insurers' Association of America and German Insurance Association.

#### **vii) Functioning of Ombudsmen**

The information on the complaints handled by the Ombudsmen during 2006-07 is given in Table 41. During 2006-07, 10187 complaints were lodged with the Ombudsmen against the insurers both life and non-life. Of these, 5433 were against life insurers and remaining were against the non-life insurers. As on April 1, 2006, there were 1929 complaints pending with

the Ombudsmen for disposal. Of these, 588 complaints were pending against the life insurers and the remaining were against the non-life insurers. Taking together (those pending for disposal as on April 1, 2006 and received during 2006-07) the total number of complaints with the Ombudsman were 12116 at the end March 2007. Of these, 6021 were against life insurers and 6095 were against non-life insurers. Of the

total complaints (12116) the Ombudsmen have disposed of 10169 complaints during 2006-07. Of the disposed complaints, 5418 were in the case of life insurers and 4751 were against the non-life insurers. As such, complaints outstanding with the Ombudsmen for disposal as on April 1, 2007 were 1947; of which 603 were in the case of life insurers and 1344 were against non-life insurers.

**TABLE 41**  
**DISPOSAL OF COMPLAINTS BY OMBUDSMAN: 2006-07**

Particulars	Complaints as on 31-3-06	From 1.04.06 to 31.03.07	Total	Disposed	No. of complaints disposed off by way of							Complaints Outstanding
					Recommen- dation	Awards	Withdrawal/ Settlement	Non Acceptance	Dismissal	Not Entertainable		
<b>Life Public</b>	529	4735	5264	4773	118	561	1205	105	337	2447	491	
<b>Private</b>	59	698	757	645	12	91	146	8	67	321	112	
<b>Total</b>	<b>588</b>	<b>5433</b>	<b>6021</b>	<b>5418</b>	<b>130</b>	<b>652</b>	<b>1351</b>	<b>113</b>	<b>404</b>	<b>2768</b>	<b>603</b>	
				*(89.99)	*(2.40)	*(12.03)	*(24.94)	*(2.09)	*(7.46)	*(51.09)	*(10.01)	
<b>Non-Life Public</b>	1246	4121	5367	4220	193	1112	694	136	618	1467	1147	
<b>Private</b>	95	633	728	531	15	103	96	21	90	205	197	
<b>Total</b>	<b>1341</b>	<b>4754</b>	<b>6095</b>	<b>4751</b>	<b>208</b>	<b>1215</b>	<b>790</b>	<b>157</b>	<b>708</b>	<b>1672</b>	<b>1344</b>	
				*(77.95)	*(4.38)	*(25.57)	*(16.63)	*(3.30)	*(14.90)	*(35.19)	*(22.05)	
<b>Combined</b>	<b>1929</b>	<b>10187</b>	<b>12116</b>	<b>10169</b>	<b>338</b>	<b>1867</b>	<b>2141</b>	<b>270</b>	<b>1112</b>	<b>4440</b>	<b>1947</b>	
				*(83.93)	*(3.32)	*(18.36)	*(21.05)	*(2.66)	*(10.94)	*(43.66)	*(16.07)	

Note : AIC, ECGC are included in the public Sector

\* represents percentages to the respective complaints disposed

The disposal rates of complaints against LIC and private insurers were 90.98 per cent and 85.20 per cent respectively. In the case of non-life, there were 5367 complaints relating to the public insurers of which 4220 were disposed during the year (disposal rate 78.63 per cent). Of the 728 complaints against private insurers 531 were disposed of during the year (disposal rate 72.94 per cent). Around 51 per cent of the complaints in the case of life and 35 per cent in the case of non-life were treated as not entertainable by the Ombudsmen. Of the total complaints disposed, the Ombudsmen have given awards for 1867 and dismissed 1112 cases. The Ombudsmen

recommended to the companies 338 cases for settlement at their end.

#### viii) Committees

##### *Committee on Health Insurance for Senior Citizens*

The Authority is seized of the issues relating to health insurance for senior citizens of the country as they are more vulnerable and therefore fall in a higher risk category. Senior citizens across the country have voiced their grievances about the matters relating to policy issuance and claims servicing of



health insurance policies. The Authority has also received representations relating to entry barriers for the aged, refusal of renewals, imposition of harsh terms without justification, sharp increases in policy rates, delay in claims servicing etc. In order to cater to the needs of the senior citizens in a holistic way, the Authority has appointed a Committee on Health Insurance for Senior Citizens with Shri K.S. Sastry as Chairman of the Committee. The Committee had representations from industry, consumer forums, insurers and TPAs. The committee is expected to submit the report shortly.

#### *Committee on Grievance Redressal System*

The Grievance Cell of the IRDA advised the complainants to first approach the insurers with their grievances and in case they are not satisfied with the disposal, they may approach the Grievance Cell of the IRDA. After a review, the Authority felt that the grievance redressal system of the insurers needs to be made more effective. In order to review the existing grievance redressal system, the Authority set up a Committee under the Chairmanship of Shri Vepa Kamesam, Managing director, IIRM. The Committee submitted its report in January 2007. Some recommendations of the Committee are:

- i. There should be an agreed definition of 'Grievance/ Complaint'.
- ii. A certain minimum requirements related to grievance redressal:
  - (a) Every company shall have a Board approved redressal policy.
  - (b) There shall be a designated Grievance Officer.
  - (c) The Grievance Redressal policy shall outline a procedure for registration and redressal:
- iii. Minimum software requirements for the grievance redressal system.
- iv. Grievance Redressal should be made an essential part of Corporate Governance.

- v. Insurers themselves should work out a code of commitment for grievance redressal.

The recommendations of the Committee are being processed.

#### *Insurance Advisory Committee*

The Advisory Committee met on 9<sup>th</sup> July 2007 and discussed the life insurers' views on issues relating to pre -licensing training and examination. The life insurers felt that the mandatory 100 hours of training requirement for pre-licensing examination may be reduced to 50 hours in the case of insurance agents and to 75 hours in the case of insurance composite agents. The Advisory Committee approved the suggestions. The Authority ratified the Advisory Committee's recommendation on 27<sup>th</sup> August 2007 and necessary Gazette Notification was issued on 9<sup>th</sup> October 2007.

#### **(ix) Review of advisory functions performed by the Authority**

The rapid growth of insurance, especially in the life segment has brought to the fore a number of issues concerning the agency structure which is a vital link between the insured and the insurer. In order to spread the message of insurance to the far corners of the country, the Authority had enlarged the scope of the intermediaries' structure from the traditional tied individual agents to the corporate agent, micro-insurance agent, the Bancassurance mode and the referral system.

The Authority feels that there is a need for a study to be undertaken to ascertain the manner in which these channels have been functioning, their efficacy, their cost effectiveness, their weaknesses and make recommendations on the changes to be made to make them effective, professional and accountable and serve the interests of the insured and facilitate provision of services all over the country in a cost effective manner even for the low priced insurances.

The Chairman vide Circular No. IRDA/Life/Dist. Channel/037/2007-08 dated 21<sup>st</sup> September, 2007 has constituted a committee chaired by former LIC Chairman, Mr. N.M. Govardhan to undertake the above study.

## 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:*

During 2006-07, Bharati Axa Life Insurance Company was granted licence for operations in India. During August and September of 2007, the Authority has granted license to three insurers namely Appollo DKV Insurance Co. Ltd., Future

Generali Insurance company Limited and Future Generali India Life Insurance Company Limited. The Authority has also cleared R1 applications of IDBI Life Insurance Company Limited, Universal Sompo General Insurance Company Limited and Shriram General Insurance Company Limited during the year. The Certificate of Registration issued to all the existing life and non-life insurance companies have been renewed in terms of Section 3A of the Insurance Act, 1938 and penalty was imposed on the following insurers for the reasons mentioned therein:

S. No.	Name of the Insurance Company	Amount of Penalty	Brief particular of the violation committed
1.	Star Health & Allied Insurance Co. Ltd	Rs. 5000/-	For late submission of the renewal of registration application
2.	Agriculture Insurance Corporation of India Ltd.	Rs.5,55,833/-	For late submission of the renewal of registration application
3.	Reliance General Insurance Co. Ltd	Rs.1,62,331/-	For late submission of the renewal of registration application

Non-Life Department has acted as nodal department for levy of penalty for the following insurers for the reasons mentioned against their names:

**Statement showing the penalty charged from the various insurers from 01-04-06 to 30-09-07**

S. No.	Name of the Insurance Company	Amount of Penalty	Brief particular of the violation committed
1.	Bajaj Allianz Life Insurance Co. Ltd.	Rs. 5,00,000/-	Penalty U/S 102(b) of the Insurance Act, 1938 for opening of offices without prior permission of the Authority.
2.	United India Insurance Co. Ltd.	Rs. 5,00,000/-	Lower charging of premium for Pravasiya Bhartiya Bima Yojana
3.	Bajaj Allianz General Insurance Co. Ltd.	Rs. 5,00,000/-	Violation of IRDA Advertisement Regulations
4.	Reliance General Insurance Co. Ltd.	Rs. 5,00,000/-	Violating provisions of Section 102 of the Insurance Act, 1938
5.	IFFCO Tokio General Insurance Co. Ltd.	Rs. 5,00,000/-	Penalty for engaging a non-licensed entity as intermediary.

*Broker:*

Inspections were conducted on 11 broking companies during 2006-07. One license was suspended, one license was cancelled and four voluntary surrender of license were accepted. During inspection, it was observed that some of the Broking Companies have exceeded the limits set in the Regulation 20 by procuring business from a single client. These companies were issued directions to comply with the Regulation 20 of

IRDA (Insurance Brokers) Regulations, 2002 by end of the financial year 2007-08.

The license of a Broking Company was suspended due to irregularities found in reinsurance placements. Another investigation of one of the Broking Company revealed gross violations of Insurance Broker Regulations which resulted in cancellation of the license.

The inspections also revealed in some cases that payments were made to introducers and canvassers in contravention of code of conduct 3(b) of Regulation 20 of IRDA (Insurance Brokers) Regulations, 2002, resulting in cancellation of broker license for violation in one case and issue of directions in other cases.

*TPAs:*

The Authority has issued TPA (Health Services) licence to (1) Dedicated Healthcare Services (India) Private Limited, (2) Grand Healthcare Services India Private Limited, under the provisions of TPA Health Regulations, 2001, during the year 2006-07. Licence of M/s Vipul MedCorp TPA Private Limited has been renewed during the year 2006-07

**b) Protection of the interests of the policyholders in matters concerning assigning of policy, nomination by Policy holders, insurable interest, settlement of insurance claim, surrender value of policy and other terms and conditions of contracts of insurance**

In line with the Mission statement, the Authority accords utmost priority to the interests of policyholders. While the Life Grievance cell plays a facilitative role in resolving the grievances by taking it up with the insurers, a proactive approach is also adopted by analyzing the cause/source of the complaints to identify system deficiencies and procedural slackness. Targeted Inspections have been conducted based on the findings. Inputs are given to the inspection team for examination during the comprehensive inspection visits. It is ensured that the insurers put in place adequate infrastructure, easy customer access facilities and prompt servicing mechanism before approval is accorded for expansion of new offices.

The efforts of the Grievance Cell for non-life set up in the Authority have resulted in greater awareness among the policyholders. Regulation 5 of IRDA (Protection of Policyholders Interests) requires every insurer to have an effective grievance redressal system. The Authority has insisted that this requirement must be incorporated in the policy documents of the products filed by the Authority for its approval.

**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 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 database 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 accreditation for online training institutes will be for one year.

As IRDA has approved reduction in the number of training hours for pre-licensing of agents, the Insurance Institute of India, Mumbai has prescribed the syllabus in view of the above changes. The examination starting online from 12<sup>th</sup> November 2007 and offline examination from 18<sup>th</sup> November 2007 will follow the prescribed changes of Insurance Institute of India.

The Authority also prescribed technical checks to be compiled with by the online training institutes. In addition to that IRDA issued a Circular on 23<sup>rd</sup> June 2006 stating that (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) that 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 regarding the professional and ethical requirements for conduct of their professional work is specified in Chapter VI of the IRDA Regulations for Surveyors and Loss Assessors, 2000. They should strive for objectivity in professional and business judgment while behaving ethically and with integrity in their professional pursuit acting impartially and complying with due diligence, care and skill with regard to technical and professional standards expected to them. The Government of India and the Authority have established the Indian Institute of Insurance Surveyors and Loss Assessors in order to promote self-regulation and professionalism amongst the surveyors. The Institute, at present, has a limited mandate, to establish the necessary infrastructure, to inculcate professionalism and discipline disseminate information relating to the profession of surveyors and loss assessors amongst its members.

**e) Promoting efficiency in the conduct of insurance business**

When the tariffs were withdrawn with effect from 1<sup>st</sup> January 2007, there was apprehension that the statutory motor third party cover would be denied to the policyholders. The Authority has been taking cognizance of complaints received regarding denial of third party cover and has resolved the complaints by taking up with the concerned insurers. The initiatives taken by the Authority in regulating the third party motor premium have been upheld by several High Courts.

The Authority's directives to the general insurers to participate in motor third party pooling arrangement for commercial vehicles segment has resulted in availability of third party cover for the policyholders as well as an increase in initiative from the insurers to give such covers. The Pool has been set up with state of the art hardware and software.

The Authority has stressed the need for collection and collation of qualitative data by the insurers especially in the area of motor insurance.

The Authority has also been taking initiatives in leading the life insurance council and the general insurance council towards becoming self regulatory organizations.

The Micro-insurance regulations put in place by the Authority have resulted in the mainstream general insurance companies submitting micro-insurance products to the Authority for approval. This augurs well for the low-income population as they can get the existing insurance products at affordable premium.

The Authority has constituted a Committee to look into issues relating to Health Insurance for of Senior Citizens in procuring health insurance.

A circular was issued on 28<sup>th</sup> December 2006 to all life insurers advising them that the decision for closure/relocation of their places of business should be after due consideration of all the factors including the possible inconveniences to its clientele. It is essential that such a decision is appropriately appraised to the Board for information with the reasons therefor, since the proposal for opening the branches/offices were initially approved by the Board. Adequate notice of a minimum of 2 months on the proposed relocation/closure should be given to policyholders serviced by that branch along with the alternate arrangements being made to service them.

In the specific context of hardships in complying with the Know Your Customer (KYC) requirement by small value policyholders as per Anti Money Laundering Guidelines and with possible implication for the spread of insurance into rural and low-income domains, especially the micro insurance sector, the Authority, has vide circular dated 2<sup>nd</sup> March 2007 decided to provide exemption up to a total Annual Premium of Rs.10000/-on all the life insurance policies held by a single individual from the requirement of recent photograph and proof of residence.

Consequent to circulation of misleading sales literature among the public by some of the life insurers representatives projecting high returns on unit linked products, the Authority has come out with a press release on 2<sup>nd</sup> March 2007 cautioning members of the public not to be carried away by such projections and to take an informed decision based on proper disclosure of projected returns as per guidelines of the Life Insurance Council.

Advertisement guidelines were issued on 14<sup>th</sup> May 2007 reinforcing the existing regulations on Advertisements with a view to protect the interests of the insuring public, enhance

their level of confidence on the nature of sales material that is made available to them and ultimately to encourage fair business practices.

Rural/Social sector obligations have been benchmarked based on micro insurance parameters for minimum/maximum cover and also micro insurance agents have been permitted to issue joint sale advertisements

A circular dated 11<sup>th</sup> May 2007 was issued clarifying certain key issues concerning policyholders to ensure protection of their interests and to remove inconsistencies in implementation of ULIP guidelines across the industry.

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

The Institute of Insurance and Risk Management (IIRM) is a joint venture of IRDA and the Government of Andhra Pradesh. During the year 2006-07 it has been granted affiliation by the Chartered Institute of Insurance (CII), London. This is in addition to the earlier accreditation accorded by the CII to the International Post Graduate Diploma in Insurance conducted by IIRM. Efforts are on to obtain accreditation from some Universities in the United States to the IIRM Courses. A Distance Learning Wing has been opened in IIRM to provide opportunities to students wishing to pursue the diploma in the distance mode. Diploma obtained from this mode also has received accreditation from the CII, London. The plans for opening of the International School of Actuarial Sciences in the year 2007-2008 have fructified with the inauguration of the International School of Actuarial Sciences in August 2007. During the year, IIRM has conducted short term programmes on topics pertaining to Insurance and Risk Management for several banks and others. A seminar on 'Grievance Redressal in Insurance Sector' was conducted jointly with IRDA. IIRM has been allotted 5 acres of land free of cost by the Government of Andhra Pradesh.

**g) Levying fees and other charges for carrying out the purposes of the Act**

The Authority in terms of powers vested by section 3 of the Insurance Act levies both registration and renewal fees from the insurers and various intermediaries associated with the

insurance business. However, registration fee is charged at the time of granting of registration certificate and not thereafter. The renewal of registration fees for insurer stand at 10 per cent of 1 per cent of the Gross Direct Business Written in India or Rs. 50,000 (Fifty thousand only) subject to maximum of Rs. 5 crores. In case of re-insurer the fee is chargeable based on the facultative business written by the re-insurer in India. This follows amendment of regulation 20 of IRDA (Registration of India Insurance Companies) Regulations, 2000 w.e.f. February, 2003.

**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**

Sec 14 (2) (h) of the IRDA Act 1999 and Sec 110 C of the Insurance Act 1938 empowers the Authority to conduct Inspections and Investigations to ensure that there are no breaches / non compliance with the applicable Act / Regulations. Accordingly, the Authority has been conducting targeted inspections of insurers and intermediaries based on complaints/ information received.

Inspections of insurance companies would, in general cover assessment of the financial position of an insurer, compliance with solvency requirements, besides the company's adherence to accepted principles of market conduct, corporate governance and internal control, etc. These inspections could be either annually or at such periodicity as may become necessary. The Authority would endeavor to gradually move towards meeting the above objectives of comprehensive inspections. The detailed coverage of 32 insurance companies operating in India periodically requires strengthening of the human resources with the Authority. While steps have been initiated in this regard, the Authority has in the mean time carried out focused inspections of certain portfolios of Insurance companies. The inspections were also conducted consistent with the contemporary regulatory initiatives such as detariffing, AML guidelines etc to ensure that there are no breaches and the transition is smooth.

With the above limited objective in view, the inspection department undertook the following types of targeted / focused inspections from January, 2007.



1. Underwriting Inspections: The general insurance industry was deregulated in a phased manner from rates prescribed by Tariff Advisory Committee with effect from 1<sup>st</sup> January 2007. The focus in the first phase of inspections was on the processes and internal controls put in place by insurers on underwriting. Inspecting teams, assessed the efficacy of the overall systems evolved by the companies in the de-tariff regime, the internal controls put in place etc. Based on the findings modifications of the file and use guidelines were issued to facilitate smooth change to the new approach.
2. AML Guidelines: The Government of India has introduced the Prevention of Money Laundering Act in 2002. The Act has come into force from 1<sup>st</sup> July 2005. Accordingly, the Authority has issued AML guidelines on 31<sup>st</sup> March 2006 to all Insurance companies and has advised strict implementation of the same to cover new business and existing policies (to a limited extent). The inspecting teams conducted inspection of all life insurance companies to check compliance with AML guidelines issued by the Authority. Although, there was significant level of awareness of the new requirement and compliance with AML guidelines by the life insurance companies, certain deficiencies were noticed which are being addressed.
3. Rural and Social Sector obligations of Insurers: The inspecting teams conducted inspection of the four public sector non-life insurers to check compliance with regard to regulations on Rural and Social Sector obligations. Inaccuracy in compilation of data at the operational level and processing deficiencies has been observed.
4. Inspection of Brokers :
  - a. Compliance of Regulation 20: The broking companies who have been promoted by some of the major business houses were inspected to check the compliance with regulation 20 of the Broker Regulations, which stipulates a cap on the maximum business from a single client. Non-compliances are being taken up for rectification.
  - b. Comprehensive inspection of Brokers: The Authority has recently taken up comprehensive inspection of Insurance Brokers covering all aspects.
5. Market Conduct Inspection of Life Insurance Companies: The Authority has recently commenced full scale market conduct inspection of life insurance companies.

The Reports submitted by the inspection department are being followed up by the respective departments for necessary action at their end.

**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)**

The Authority's directed on 4<sup>th</sup> December 2006 for de-tariffing of all classes of general insurance business except third party motor insurance with effect from 1.1.2007. The Authority has also prescribed a schedule of premium rates applicable to Third Party insurance, which is mandatory. The general insurers would be charging third party premium rates as per this schedule. The pool came into operation from 1<sup>st</sup> January 2007 and would be administered through the General Insurance Corporation.

**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 classifications issued on the same from time to time, the regulations were modified in March, 2002. The Authority had taken the following measures to improve the transparency and disclosures in reporting the financial statements. (i) Prudential norms for Income Recognition, asset classification and provisioning and other related matters: While insurers have already adopted the RBI guidelines in this regard as stipulated, keeping in view the specific requirements of the insurance industry, the



Authority formalized the norms for income recognition, asset classification and provisioning and other related matters in respect of debt portfolio. The norms are effective financial year 2006-07. (ii) Unit Linked Disclosure norms : The format of reporting under the IRDA (Preparation of Financial Statements and Auditor's report of Insurance Companies) Regulations, 2002 has been modified to ensure transparency and consistency in the disclosures across the industry. The regulations require life insurance companies to file segment wise information. The reporting format requires insurance companies to segregate the unit linked revenue into (i) Non-Unit Funds and (ii) Unit Fund.

The additional reports form Addendum to the Form A-RA). Formats of reporting through the schedules have also been prescribed to capture information on the operations of the various funds. The disclosure requirements were effective from 2006-07, and have been complied with by all insurers.

#### **k) Regulating investment of funds by insurance companies**

The Authority closely monitors timely submission of returns by the insurers including e-submission. The returns provide useful data on the quantum of investments of the sector by way of various instruments and the direction of investments. The Authority had set up 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. This ratio was monitored on annual basis. Considering the importance of monitoring this ratio on a continuous basis, the Authority has now asked the insurers to submit quarterly returns on solvency margins.

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

IRDA does not carryout any adjudication in case of disputes between insurers and intermediaries or insurance intermediaries. Insurers were advised to approach the available quasi-judicial or judicial channels like Insurance Ombudsmen. 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**

In December 2006, it was decided that the rates, terms, conditions and regulations applicable to Fire, Engineering, Motor, Workmen's Compensation and other tariff classes of business shall be withdrawn effective from 1<sup>st</sup> January 2007.

Accordingly the Authority, by virtue of power vested under section 14(2)(i) of the IRDA Act, 1999 notified that the Tariff general regulations (other than those relating to rating) terms, conditions, clauses, warranties, policy and endorsement wordings applicable to the above mentioned classes of business as well as Marine Hull business shall continued to be followed until further orders. The rates of premium may be varied subject to compliance with the Guidelines on 'File and Use' of General Insurance products notified on 28<sup>th</sup> September 2006. Insurers were also advised to maintain proper underwriting standards after the tariffs are withdrawn.

The TAC maintains a Web enabled declined lives database for exclusive use of life insurers. This database has incorporated the suggestions of Life Council and enlarged its scope of use. Further TAC is maintaining a database on motor insurance statistics collected from the general insurers and health insurance statistics collected from the TPAs. Aggregate tables of these statistics were put on the Website.

#### **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

## EFFECT OF DETARIFFING ON NON-LIFE INSURANCE SECTOR

1. Detariffing has been the eagerly awaited reform in the general insurance industry ever since the Malhotra Committee recommended gradual removal of tariffs in the non-life insurance sector. Since then, tariffs on quite a few portfolios such as Marine Cargo, Personal Accident, and Bankers' Indemnity were withdrawn in the 1990s. The detariffing of Marine Cargo business in 1994 especially left in its wake certain valuable lessons on the pitfalls that a general insurance market could face when tariffs are withdrawn without proper regulatory guidance.

2. With the entry of private players in the non-life sector, there was a clamour for free pricing from the intermediaries and the insurance companies. The Authority went about the imminent process of detariffing with a sense of urgency coupled with caution with a view to ensuring that the transition to a tariff free regime was smooth. The thrust was to make the Insurers responsible for their action, and towards this end to put in place certain internal capabilities, procedures and controls. In other words, the emphasis was on more effective self regulatory and corporate governance norms. The most important concern of the Authority was to ensure that the insurers equip themselves adequately and set up the systems to do technically sound underwriting and to cope with competition in the absence of tariffs. The Authority issued a road-map in September 2005 for ushering in a tariff free regime, followed by series of discussions to ascertain the pulse of the insurance industry's state of preparedness. The following core areas were identified as the barometers of the insurance companies' state of preparedness.

- H Existence of a broad corporate underwriting philosophy for each line of business;
  - H Identification of the responsibilities of the Board of Directors and the Senior Management of the company;
  - H Accountability – not only to the Regulator, but the policyholders as well by way of disclosures and transparency;
  - H Identification of Reporting Channels and putting them in place to ensure that the Board gets timely and accurate information;
  - H Board approved philosophy for Reinsurance programme.
  - H Existence of a strong internal audit machinery to ensure that the underwriting remained on a technically sound footing.
  - H Role of Appointed Actuary, Moderator and Compliance Officer of the company for designing and proper pricing of products.
  - H Establishing an IT system capable of capturing data on every policy, endorsement, claim and risk factors for rating of products.
3. The Authority's circular on File & Use guidelines specified that the report to the Board should cover the following points:
- i) The underwriting philosophy and the underwriting profit expectation;
  - ii) Whether each product should be self-supporting or cross subsidy will be acceptable;
  - iii) If the insurer will write any business on a planned underwriting loss, how will the loss be funded;
  - iv) The margins to be built into the rates to cover acquisition costs, promotional expenses, expenses of management, catastrophic reserve and profit. Whether credit will be taken for investment income in rating;

- v) The list of products that will be class rated, individually rated or rated by reference to reinsurance support;
- vi) The delegation of authority for quoting rates and terms and for underwriting to various levels of management;
- vii) The Appointed Actuary or Chief Financial Officer or other senior officer not having business development responsibility who will act as moderator of very thin rates;
- viii) Involvement of the Appointed Actuary in the review of statistics to determine rates, terms and conditions of cover for class-rated risks;
- ix) Setting up of the Internal Technical Audit machinery to ensure quality in underwriting and compliance with corporate underwriting policy; and
- x) The procedure for reporting to the Board on the performance of the management in underwriting the business.

4. The detariffing exercise has two components (stages). The first component is the withdrawal of tariff premium rates. The second component is permitting changes in the existing policy coverage wordings, terms and conditions. When the tariffs were withdrawn in the Fire, Engineering and Workmen's Compensation businesses with effect from 1<sup>st</sup> January, 2007, the Authority took the further step of moderating the reduction in rates so that the fall was not too steep in comparison to the tariff premiums keeping in view the incurred claims ratio at the tariff rates. The Inspection Team of the Authority had conducted countrywide inspections of all the non-life insurers and identified areas requiring the Authority's intervention. As was expected there were initial teething problems in the market, but this step of moderating the reduction in rates proved to be a blessing to keep the overall market in a balanced state.

5. The Authority however took the decision of regulating the rates relating to Motor Third Party business in exercise of its powers under Section 14 (2) (i) of the IRDA Act 1999. The main reasons for this decision were i) this class of insurance being mandatory under the Motor Vehicles Act and ii) the unviability of this class of business resulting in complaints of unavailability of statutory cover to the policyholders. The creation of Motor Insurance Pool for underwriting third party business for commercial vehicles also seem to have gone well with the insurers as the business seems to have soared with the collective participation.

6. The above proved useful in controlling the first stage of the transition. The next stage in the transition is to remove all price restraints again in a well regulated manner. The Authority may not put any restraints when reviewing the filed rates unless they appear untenable.

7. However as freedom comes with responsibility, the Authority will continue to monitor the self regulatory measures and corporate governance norms of the company. The Authority has asked the insurers to strengthen the corporate governance controls as a simultaneous measure to the further freeing of rate controls. The most important control being the reinforcement of the control of the Board of Directors on the company's underwriting policy. The insurers have been advised to put before their Boards a detailed statement of underwriting policy taking note of the developments so far and the concerns of the Authority expressed from time to time. A clear statement of the operating ratio that the insurer will work on has been sought along with the procedures and controls being put in place to ensure compliance with the underwriting policy. The Authority has specified the minimum extent of reporting that the management should place before their Boards on a periodical basis to enable the Board to discharge its corporate responsibility of overseeing the underwriting health of the insurer.

8. To remove the subsisting price controls what is required of the insurers is a demonstration of a satisfactory level of preparedness on the 'barometers' mentioned in para 2. This entails -

- H A clearly defined manual of delegation of underwriting authority to different levels of management or specific persons based on skills and responsibilities;
- H Establishing detailed underwriting manuals and distributing it to persons concerned the rating and risk inspection procedures;
- H Ensuring the ability of the Compliance Officer, Moderator and Appointed Actuary to discharge their responsibilities;
- H Establishing a good IT system with capability for rating support, analysis of experience, review of underwriting and management support;
- H Establishing an efficient internal technical audit department.

The insurers were also advised to submit proposals for changes in terms and conditions of cover and policy wordings which were to be allowed after 31<sup>st</sup> March 2008.

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 and social sector**

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.

The social Sector obligations were indicated as the specified "no. of lives" to be underwritten in the said sector based on the year of operation of the respective life or non-life insurer.

*Obligations of life insurers:*

- (a) *Rural Sector Obligations:* All the sixteen life insurers, including the public sector insurer, LIC have fulfilled their obligations towards the rural sector. The number of policies underwritten by them in the rural sector as a per cent of the total policies underwritten in the year 2006-07 was as per the obligations applicable to them. LIC, in compliance with its obligations, underwrote a higher percent of policies in rural sector, than were underwritten in the year 2001-02.
- (b) *Social Sector Obligations:* Of the sixteen life insurers, fourteen have fulfilled their social sector obligations during 2006-07. The number of lives covered by them in the social sector was above the stipulated obligations. The LIC, in compliance with its social sector obligations covered a higher number of lives than was covered by it in 2001-02.

In case of two private sector companies which were non-compliant with their social sector obligations, the position is as under:

Bharti Axa Life Insurance Co. Ltd. which commenced its operations in August 2006 is compliant with the rural sector obligations but fell short of meeting its obligations in social sector. Against a proportionate obligation of coverage of 3333 lives in about 8 months of operations, they have covered 3067

lives. The shortfall has been waived as the insurer is in first year of operations and the shortfall is negligible.

Shriram Life Insurance Company Limited commenced its operation in February 2006. As the shortfall was observed for the second year in succession, a penalty of Rs.5 lakh has been imposed on the insurer. They have also been advised to cover the shortfall in the current year i.e., 2007-08. This company has submitted revised data and the Authority is examining the same.

*Obligations of non-life insurers:*

- (a) *Rural Sector Obligations:* All the eight private sector non-life insurers met their rural sector obligations in 2006-07. The gross direct premium underwritten by them in the said sector, as a percentage of total premium underwritten in 2006-07, was above the prescribed stipulations. All the four public sector insurers complied with the rural sector obligations for 2006-07. With respect to the public sector insurers, their obligations are indicated against the quantum of insurance business done by them in the accounting year ended 31<sup>st</sup> March, 2002.
- (b) *Social Sector Obligations:* All the eight private sector non-life insurers met their social sector obligations in 2006-07. The number of lives covered by them in the social sector was also higher than the regulatory stipulations. While, three public sector insurers complied with the social sector obligations for the year 2006-07, New India Assurance Co. Ltd. fell short of compliance towards the sector. With respect to the public sector insurers, their obligations are indicated against the quantum of insurance business done by them in the accounting year ended 31<sup>st</sup> March, 2002. In case of New India, a penalty of Rs.5 lakh has been imposed for non-compliance with its social sector obligations and it has been advised to fulfill the shortfall in 2007-08 and 2008-09.

**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

Sri C. S. Rao continues to be the Chairman of the Authority as do whole-time Members, Shri C R Muralidharan and Shri K K Srinivasan. Sri G. Prabhakara joined the Authority as Member (Life) on 15<sup>th</sup> December, 2006. Before joining the Authority he was Zonal Manager, Life Insurance Corporation of India and brings with him long experience in the field of life insurance. Dr. R. Kannan also joined as Member (Actuary) of the Authority on 18<sup>th</sup> December, 2006 prior to which he had served the Reserve Bank of India and SBI Life Insurance at very senior levels. He brings rich experience to the Authority in the area of actuarial science.

Sri Vijay Mahajan, MD, BASIX continues to be part-time Member of IRDA. During the year Smt. Ela R. Bhatt, Founder of Self Employed Women's Association has joined as part-time Member with effect from 27<sup>th</sup> February, 2007. Dr. Sanjiv Misra, Secretary, Department of Expenditure, Ministry of Finance joined with effect from 2<sup>nd</sup> March, 2007 as a part-time Member in place of Sri Ashok Chawla representing Ministry of Finance, Government of India. Sri Sunil Talati replaced Sri T.N. Manoharan as part-time Member representing Institute of Chartered Accountants of India.

#### ii) Meetings of the Authority

During the period from April, 2006 to March, 2007 and May, 2007 to September, 2007 four and two meetings of the Authority have been held respectively.

#### iii) Human Resources

As an integral part of the growth of the Authority, development of human resources skills has been given due importance so as to perform its role more skillfully, efficiently and effectively. A new Inspection Wing has been setup by the Authority to inspect the various licensed insurance entities. To strengthen the inspection aspect, few officers have been borrowed both from life insurance and general insurance companies. In addition, augmentation to the existing resources is underway through the normal process of open recruitment.

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. IRDA 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 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 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, London. The International School for Actuarial Science (ISAS) has started functioning under the aegis of IIRM to enhance the availability of qualified skills resources to the insurance industry.

#### iv) Promotion of Official Language

A separate Hindi Section at IRDA ensures implementation of the constitutional provisions of Official Language Act and the Official Language Policy of the Government of India in promoting use of Hindi in Official Work. The Authority is encouraging the use of Hindi in its official work. IRDA has also chalked out a year long programme for promoting use of Hindi in its day to day work. Under this programme a 'word per day' is sent on intranet to all its employees. Online translation cum guidance facility is also provided to all



employees for implementation of Official Language Policy in letter and spirit. During the year under review, General Orders Notifications / Regulations / Administrative etc., were issued bilingually as required under section 3 (3) of the Official Languages Act, 1963. Hindi Week was celebrated by organizing Hindi competitions in Hindi essay writing etc. The monthly IRDA journal is not only in bilingual but also publishes some original articles on insurance in Hindi.

#### **v) Status of Information Technology in IRDA**

The Authority has taken consistent efforts in improving its IT Systems towards improved efficiency in its working environment. Some of the steps taken during this year are as follows:

##### *Messaging System*

Reliability and accuracy of information are essential for effective regulatory/monitoring environment. Towards this end, the Authority's messaging system was totally revamped and a new messaging system has been implemented under the domain irda.gov.in. The newly implemented anywhere-access messaging system has been made functional in a secured environment with 24X 7 availability and support. An E-mail gateway server with Antivirus / Spam filters has also been implemented in order to access the mails. Few training sessions were conducted to make the staff familiar with the new messaging environment.

##### *Networking and other IT Infrastructures:*

Strengthening and upgrading the present infrastructure is essential for an efficient working environment. Authority's IT systems are regularly upgraded. Additional desktops along with TFT monitors were procured for the new staff who have joined the Authority. The newly formed inspection team has been equipped with high-end light-weight laptops which will be handy during their inspections.

##### *IRDA'S Website:*

Authority has been taking regular steps to bring transparency in its functioning by placing the information to the extent possible in public domain. Regular changes are being made in the website to cater to the needs of the various stake holders

of Insurance Industry. On-line Grievances Management System is being implemented in a phased manner.

##### *Connectivity between TAC & IRDA*

As a part of Authority's effort in making the TAC as the Central Data Repository for Insurance data, dedicated 2Mbps data connectivity between TAC, Mumbai and IRDA was established as advised by the Standing Committee on Information Technology. Authority also established IP Sec 3 Des 128 Bit encryption for the transfer of data between the two offices under a secured environment. Using this facility, the databases / information available at TAC data servers have been made accessible to the Research Department on an ongoing basis.

##### *Development of Web Enabled Applications & Central Database:*

Development of web enabled applications is essential goal for e-governance. Therefore, all the applications are developed and implemented under web enabled environment. Efforts have been made to facilitate insurers/intermediaries to file the returns on-line and all the online applications implemented so far have been successful. Authority plans to implement more such applications in future.

Creation of comprehensive database on the subjects dealt by the various departments of the Authority is essential to monitor the growing insurance sector. Authority is taking continuous efforts to achieve this objective.

#### **vi) Accounts**

The Accounts of the Authority for 2006-07 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 2006-07 together with Audit Certificate from C&AG is placed at Annexure X.

#### **vii) ISO 2000 Registration**

Once again the Authority has again been certified by AQA International for a further period of three years. The Authority

has established a quality management system as compliance to internal quality system standard ISO 9001-2000.

#### **viii) IRDA Journal**

The IRDA Journal has completed almost five years of existence and during this period, it evolved as a strong medium of communication to all concerned. The Journal helps researchers, insurers and analysts for conducting meaningful studies about the industry and the changes occurring therein. The reporting of the statistics – on a monthly basis as well as at quarterly intervals - have been well-received by the industry and the media.

It has been the endeavour of the Authority to ensure that the topics selected for the Journal are contemporary in nature so that readers can get the best information about the happenings in the market. This attempt of IRDA has been well-appreciated by all the readers. Some very pertinent topics that have been highlighted in the Journal during the year are: Customer Grievances and Redressal; Liability Insurance; Simplicity of Contract Wordings; Catastrophe Insurance; Risk Management

for Insurers; Solvency and Reserving; Insurance Education and Awareness; Monitoring and Supervision in Insurance; Reinsurance; Insurance Legislation etc.

#### **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 officers and employees of the Authority for efficient discharge of their duties. The Authority expresses its deep appreciation for the contributions made so far by Shri CNS Shastri in designing and implementing various policy initiatives taken by the Authority so far and hopes to continue to benefit from his guidance and advice. 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.



## STATEMENTS AND ANNEX



## FINANCIAL SAVING OF THE HOUSEHOLD SECTOR (GROSS)

(Per cent)

Item	2006-07# (1)	2005-06P (2)	2004-05P (3)	2003-04 (4)	2002-03 (5)
<b>Financial Saving (Gross)</b>	<b>100.0</b> <b>(18.4)</b>	<b>100.0</b> <b>(16.7)</b>	<b>100.0</b> <b>(13.9)</b>	<b>100.0</b> <b>(13.8)</b>	<b>100.0</b> <b>(13.1)</b>
<b>a) Currency</b>	<b>8.6</b> <b>(1.6)</b>	<b>8.7</b> <b>(1.5)</b>	<b>8.5</b> <b>(1.2)</b>	<b>11.2</b> <b>(1.5)</b>	<b>8.9</b> <b>(1.2)</b>
<b>b) Deposits</b>	<b>55.7</b> <b>(10.2)</b>	<b>47.1</b> <b>(7.9)</b>	<b>37.2</b> <b>(5.2)</b>	<b>38.3</b> <b>(5.3)</b>	<b>40.9</b> <b>(5.4)</b>
i) With banks	55.6	46.2	36.5	37.4	35.5
ii) With non-banking companies	0.1	1.0	0.8	1.0	2.7
iii) With co-operative banks and societies	0.0	0.0	0.0	0.0	2.8
iv) Trade debt (net)	0.0	0.0	0.0	0.0	-0.1
<b>c) Shares and debentures</b>	<b>6.3</b> <b>(1.2)</b>	<b>4.9</b> <b>(0.8)</b>	<b>1.1</b> <b>(0.2)</b>	<b>0.1</b> <b>0.0</b>	<b>1.7</b> <b>(0.2)</b>
i) Private corporate business	1.4	1.3	1.4	1.1	0.8
ii) Banking	0.1	0.1	0.1	0.0	0.0
iii) Units of Unit Trust of India	0.0	-0.1	-0.7	-2.3	-0.5
iv) Bonds of public sector undertakings	0.0	0.0	0.0	0.0	0.1
v) Mutual fund (other than UTI)	4.8	3.6	0.4	1.2	1.3
<b>d) Claims on government</b>	<b>5.2</b> <b>(1.0)</b>	<b>14.6</b> <b>(2.4)</b>	<b>24.5</b> <b>(3.4)</b>	<b>23.0</b> <b>(3.2)</b>	<b>17.4</b> <b>(2.3)</b>
i) Investment in government securities	0.2	2.4	4.9	7.5	2.5
ii) Investment in small savings, etc	4.9	12.2	19.6	15.5	14.9
<b>e) Insurance funds</b>	<b>15.0</b> <b>(2.8)</b>	<b>14.0</b> <b>(2.3)</b>	<b>15.7</b> <b>(2.2)</b>	<b>13.7</b> <b>(1.9)</b>	<b>16.1</b> <b>(2.1)</b>
i) Life insurance funds	14.6	13.4	15.1	13.0	15.5
ii) Postal insurance	0.2	0.3	0.3	0.3	0.3
iii) State insurance	0.2	0.3	0.2	0.5	0.4
<b>f) Provident and pension funds</b>	<b>9.2</b> <b>(1.7)</b>	<b>10.5</b> <b>(1.8)</b>	<b>13.0</b> <b>(1.8)</b>	<b>13.6</b> <b>(1.9)</b>	<b>15.0</b> <b>(2.0)</b>

P : Provisional. # : Preliminary estimates.

Source : The Reserve Bank of India Annual Report 2006-07

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.



## INTERNATIONAL COMPARISON OF INSURANCE PENETRATION\*

Continent/Country	2004**			2005**			2006**		
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
<b>North America</b>	<b>9.17</b>	<b>4.12</b>	<b>5.05</b>	<b>8.97</b>	<b>4.05</b>	<b>4.92</b>	<b>8.70</b>	<b>3.90</b>	<b>4.70</b>
United States	9.36	4.22	5.14	9.15	4.14	5.01	8.80	4.00	4.80
Canada	7.02	2.97	4.05	6.97	3.05	3.92	7.00	3.10	3.90
<b>Latin America and Caribbean</b>	<b>2.47</b>	<b>1.01</b>	<b>1.46</b>	<b>2.35</b>	<b>0.93</b>	<b>1.42</b>	<b>2.40</b>	<b>1.00</b>	<b>1.40</b>
Bahamas	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Barbados	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trinidad and Tobago	7.85	5.77	2.08	7.63	5.61	2.02	7.60	5.60	2.00
Chile	3.93	2.55	1.38	3.60	2.24	1.36	3.30	2.00	1.30
Jamaica	5.00	1.88	3.11	4.82	1.82	3.01	4.80	1.80	3.00
Panama	3.07	1.12	1.96	2.80	1.00	1.81	2.70	1.00	1.80
Honduras	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Argentina	2.68	0.88	1.80	2.52	0.76	1.76	2.60	0.80	1.80
Colombia	2.51	0.69	1.82	2.23	0.62	1.61	2.40	0.70	1.70
Venezuela	2.55	0.08	2.47	2.47	0.07	2.40	2.70	0.10	2.60
Dominican Republic	2.05	0.18	1.86	1.62	0.21	1.41	1.60	0.20	1.40
Brazil	2.98	1.36	1.63	3.01	1.33	1.68	2.80	1.30	1.60
Costa Rica	1.87	0.15	1.72	1.88	0.15	1.73	1.90	0.10	1.70
Uruguay	N/A	N/A	N/A	1.86	0.31	1.55	1.73	0.30	1.43
El Salvador	2.28	0.68	1.60	2.08	0.61	1.46	2.10	0.60	1.50
Mexico	1.86	0.79	1.06	1.66	0.68	0.98	1.80	0.80	1.00
Ecuador	1.68	0.20	1.48	1.70	0.22	1.47	1.60	0.20	1.30
Peru	1.31	0.59	0.72	1.28	0.70	0.59	1.20	0.50	0.60
Guatemala	1.09	0.17	0.92	1.02	0.17	0.85	N/A	N/A	N/A
<b>Europe</b>	<b>7.89</b>	<b>4.68</b>	<b>3.20</b>	<b>7.78</b>	<b>4.69</b>	<b>3.10</b>	<b>8.30</b>	<b>5.30</b>	<b>3.00</b>
United Kingdom	12.60	8.92	3.68	12.45	8.90	3.55	16.50	13.10	3.40
Switzerland	11.75	6.73	5.02	11.19	6.20	4.99	11.00	6.20	4.90
Netherlands	10.10	5.43	4.67	9.79	5.12	4.67	9.40	5.10	4.30
Ireland	8.97	5.74	3.23	8.56	5.65	2.90	10.40	7.90	2.50
Finland	8.77	6.89	1.88	9.18	7.33	1.85	9.10	7.20	1.90
France	9.52	6.38	3.14	10.21	7.08	3.13	11.00	7.90	3.10
Belgium	9.62	6.73	2.89	11.15	8.36	2.79	9.20	6.50	2.70
Sweden	6.96	4.56	2.39	7.82	5.32	2.50	7.60	5.20	2.40
Denmark	8.07	5.15	2.92	8.07	5.19	2.89	8.50	5.60	2.80
Germany	6.97	3.11	3.86	6.79	3.06	3.73	6.70	3.10	3.60
Italy	7.60	4.86	2.74	7.59	4.86	2.73	7.20	4.70	2.50
Spain	5.63	2.38	3.25	5.36	2.27	3.09	5.40	2.30	3.10
Austria	5.95	2.63	3.32	6.17	2.88	3.28	6.10	2.80	3.30
Portugal	7.85	4.66	3.19	9.07	6.20	2.87	9.00	6.10	2.90
Slovenia	5.61	1.65	3.96	5.65	1.69	3.96	5.80	1.80	4.00
Cyprus	4.39	2.31	2.08	4.23	2.08	2.15	4.30	1.90	2.30
Norway	5.20	3.14	2.06	5.30	3.28	2.02	4.60	2.80	1.70
Malta	5.61	2.84	2.78	5.89	3.15	2.74	N/A	N/A	N/A
Czech Republic	4.15	1.63	2.53	3.98	1.53	2.45	3.80	1.50	2.30
Luxembourg	3.64	1.43	2.21	3.76	1.52	2.24	3.90	1.80	2.10
Slovakia	3.61	1.46	2.15	3.66	1.36	2.30	3.40	1.30	2.10
Iceland	3.01	0.29	2.72	2.84	0.30	2.54	2.60	0.30	2.30
Poland	3.07	1.17	1.90	3.16	1.31	1.84	3.50	1.70	1.80
Russia	2.83	0.61	2.21	2.27	0.12	2.15	2.30	0.10	2.30
Croatia	3.20	0.76	2.44	3.25	0.84	2.41	3.30	0.90	2.50
Hungary	2.83	1.15	1.67	3.08	1.37	1.71	3.40	1.70	1.70
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	2.17	1.03	1.13	1.80	0.90	0.80
Bulgaria	1.92	0.26	1.65	2.55	0.32	2.23	2.60	0.30	2.20

Contd...

Continent/Country	2004**			2005**			2006**		
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
Ukraine	4.82	0.05	4.77	3.02	0.08	2.95	2.80	0.10	2.70
Turkey	1.54	0.29	1.25	1.55	0.25	1.30	1.60	0.20	1.40
Romania	1.51	0.35	1.15	1.53	0.32	1.21	1.70	0.30	1.40
Serbia Montenegro	2.20	0.16	2.04	2.23	0.19	2.04	1.80	0.20	1.60
Latvia	N/A	N/A	N/A	N/A	N/A	N/A	2.00	0.20	1.80
Lithuania	1.48	0.38	1.10	1.47	0.41	1.07	1.80	0.60	1.20
<b>Asia</b>	<b>7.37</b>	<b>5.58</b>	<b>1.79</b>	<b>6.83</b>	<b>5.16</b>	<b>1.67</b>	<b>6.60</b>	<b>5.00</b>	<b>1.60</b>
South Korea	9.52	6.75	2.77	10.25	7.27	2.98	11.10	7.90	3.20
Japan	10.51	8.26	2.25	10.54	8.32	2.22	10.50	8.30	2.20
Taiwan	14.13	11.06	3.07	14.11	11.17	2.93	14.50	11.60	2.90
Hong Kong	9.27	7.88	1.39	9.93	8.63	1.29	10.50	9.20	1.20
Israel	6.16	2.76	3.40	5.96	2.75	3.21	5.50	2.60	2.90
Malaysia	5.40	3.52	1.88	5.42	3.60	1.82	4.90	3.20	1.70
Singapore	7.50	6.02	1.48	7.47	6.00	1.48	6.50	5.40	1.10
Thailand	3.52	1.94	1.58	3.61	1.99	1.62	3.50	1.90	1.60
<b>India</b>	<b>3.17</b>	<b>2.53</b>	<b>0.65</b>	<b>3.14</b>	<b>2.53</b>	<b>0.61</b>	<b>4.80</b>	<b>4.10</b>	<b>0.60</b>
Lebanon	3.06	0.95	2.10	3.15	0.95	2.19	3.00	0.90	2.00
PR China	3.26	2.21	1.05	2.70	1.78	0.92	2.70	1.70	1.00
Bahrain	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jordan	2.67	0.31	2.36	2.59	0.27	2.32	2.40	0.30	2.20
Phillipines	1.49	0.91	0.59	1.48	0.91	0.57	1.50	0.90	0.50
UAE	1.65	0.28	1.37	1.53	0.28	1.25	1.70	0.30	1.40
Sri Lanka	1.37	0.60	0.77	1.46	0.62	0.84	1.60	0.60	0.90
Indonesia	1.31	0.63	0.68	1.52	0.82	0.70	1.30	0.80	0.60
Oman	1.28	0.18	1.10	1.14	0.17	0.97	1.00	0.10	0.90
Vietnam	2.02	1.35	0.68	1.62	0.97	0.65	1.50	0.90	0.70
Iran	1.15	0.09	1.06	1.23	0.08	1.15	1.30	0.10	1.20
Kuwait	0.93	0.22	0.70	0.79	0.15	0.64	0.70	0.10	0.50
Pakistan	0.71	0.28	0.43	0.67	0.27	0.40	0.80	0.30	0.50
Saudia Arabia	0.48	0.02	0.46	0.46	0.01	0.45	0.50	0.00	0.50
Bangladesh	0.57	0.37	0.20	0.61	0.42	0.20	0.60	0.40	0.20
<b>Africa</b>	<b>4.89</b>	<b>3.41</b>	<b>1.48</b>	<b>4.80</b>	<b>3.33</b>	<b>1.47</b>	<b>4.80</b>	<b>3.40</b>	<b>1.40</b>
South Africa	14.38	11.43	2.95	13.87	10.84	3.03	16.00	13.00	3.00
Mauritius	4.61	2.78	1.83	4.36	2.62	1.74	N/A	N/A	N/A
Zimbabwe	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Morocco	2.70	0.64	2.06	2.87	0.71	2.16	2.90	0.80	2.10
Kenya	2.81	0.82	1.99	2.56	0.78	1.78	2.50	0.80	1.70
Ivory Coast	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tunisia	2.01	0.16	1.86	2.07	0.17	1.90	2.00	0.20	1.80
Nigeria	0.94	0.17	0.76	0.70	0.09	0.62	0.60	0.10	0.50
Egypt	0.79	0.27	0.52	0.85	0.34	0.52	0.80	0.30	0.50
Algeria	0.58	0.03	0.55	0.56	0.03	0.53	0.50	0.00	0.50
<b>Oceania</b>	<b>7.65</b>	<b>3.75</b>	<b>3.90</b>	<b>6.38</b>	<b>3.16</b>	<b>3.22</b>	<b>6.70</b>	<b>3.40</b>	<b>3.30</b>
Australia	8.02	4.17	3.85	6.60	3.51	3.09	7.00	3.80	3.20
New Zealand	5.74	1.32	4.42	5.20	0.81	4.39	5.30	0.80	4.50
<b>World</b>	<b>7.99</b>	<b>4.55</b>	<b>3.43</b>	<b>7.52</b>	<b>4.34</b>	<b>3.18</b>	<b>7.50</b>	<b>4.50</b>	<b>3.00</b>

Source : Swiss Re, Sigma volumes 3/2004, 2/2005, 5/2006 and 4/2007

\* Insurance penetration is measured as ratio (in Per Cent) of premium to GDP

\*\* Data relates to Calender years

## INTERNATIONAL COMPARISON OF INSURANCE DENSITY\*

Continent/Country	2004**			2005**			2006**		
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
<b>North America</b>	<b>3601.1</b>	<b>1617.2</b>	<b>1984.0</b>	<b>3735.1</b>	<b>1686.3</b>	<b>2048.8</b>	<b>3804.0</b>	<b>1731.8</b>	<b>2072.2</b>
United States	3755.1	1692.5	2062.6	3875.2	1753.2	2122.0	3923.7	1789.5	2134.2
Canada	2188.7	926.1	1262.6	2449.0	1071.9	1377.1	2708.3	1204.1	1504.3
<b>Latin America and caribbean</b>	<b>90.9</b>	<b>37.2</b>	<b>53.7</b>	<b>105.7</b>	<b>42.0</b>	<b>63.8</b>	<b>126.7</b>	<b>51.3</b>	<b>75.4</b>
Bahamas	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Barbados	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trinidad and Tobago	659.3	484.5	174.8	810.2	595.4	214.8	958.2	704.1	254.1
Chile	253.1	164.5	88.6	281.5	174.9	106.6	285.7	176.0	109.7
Jamaica	161.6	60.8	100.7	179.4	67.6	111.8	185.7	69.9	115.8
Panama	139.3	50.6	88.7	133.0	47.2	85.8	144.3	51.2	93.1
Honduras	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Argentina	105.1	34.5	70.6	118.0	35.4	82.7	143.9	43.8	100.1
Colombia	51.9	14.3	37.6	60.3	16.8	43.6	69.1	20.5	48.7
Venezuela	101.1	3.1	98.0	125.3	3.6	121.7	179.5	6.0	173.6
Dominican Republic	41.3	3.7	37.6	52.5	6.7	45.7	55.4	7.4	47.9
Brazil	101.1	45.9	55.2	128.9	56.8	72.1	160.9	72.5	88.4
Costa Rica	85.7	6.8	78.8	80.3	6.4	73.9	96.2	7.7	88.6
Uruguay	N/A	N/A	N/A	92.3	15.5	76.8	96.4	16.6	79.8
El Salvador	52.7	15.8	36.9	50.8	15.0	35.8	55.1	16.5	38.6
Mexico	117.8	50.2	67.6	121.3	49.9	71.4	139.1	62.9	76.2
Ecuador	37.1	4.5	32.6	41.0	5.4	35.7	45.9	6.4	39.5
Peru	32.1	14.5	17.5	34.8	18.9	15.9	38.1	17.1	21.1
Guatemala	23.0	3.5	19.5	25.5	4.1	21.3	N/A	N/A	N/A
<b>Europe</b>	<b>1427.9</b>	<b>848.1</b>	<b>579.8</b>	<b>1513.8</b>	<b>911.8</b>	<b>601.9</b>	<b>1745.7</b>	<b>1119.6</b>	<b>626.0</b>
United Kingdom	4508.4	3190.4	1318.0	4599.0	3287.1	1311.9	6466.7	5139.6	1327.1
Switzerland	5716.4	3275.1	2441.2	5558.4	3078.1	2480.3	5561.9	3111.8	2450.1
Netherlands	3599.6	1936.5	1663.1	3739.7	1954.2	1785.5	3828.8	2071.6	1757.3
Ireland	4091.2	2617.4	1473.8	4177.0	2759.7	1417.4	5564.7	4203.8	1360.9
Finland	3134.1	2461.0	673.1	3389.3	2707.8	681.4	3681.2	2903.1	778.0
France	3207.9	2150.2	1057.7	3568.5	2474.6	1093.9	4075.4	2922.5	1152.9
Belgium	3275.6	2291.2	984.4	3985.6	2988.7	996.9	3442.5	2427.7	1014.8
Sweden	2690.0	1764.3	925.7	3092.1	2105.2	986.8	3226.2	2214.6	1011.6
Denmark	3620.4	2310.5	1309.9	3876.2	2489.9	1386.3	4271.4	2840.8	1430.6
Germany	2286.6	1021.3	1265.3	2310.5	1042.1	1268.4	2436.8	1136.1	1300.7
Italy	2217.9	1417.2	800.7	2263.9	1449.8	814.1	2302.2	1492.8	809.5
Spain	1355.2	571.9	783.3	1454.5	615.8	838.7	1514.6	651.0	863.7
Austria	2159.7	955.3	1204.4	2342.8	1095.1	1247.7	2396.7	1104.6	1292.1
Portugal	1293.5	768.1	525.4	1628.0	1113.7	514.4	1663.8	1131.5	532.3
Slovenia	919.6	270.0	649.5	978.1	292.6	685.5	1100.9	345.0	755.9
Cyprus	861.5	453.3	408.2	840.7	412.6	428.1	906.6	408.6	498.0
Norway	2842.2	1714.4	1127.8	3302.3	2043.1	1259.2	3229.0	2016.0	1213.0
Malta	728.6	368.2	360.4	813.8	435.4	378.5	N/A	N/A	N/A
Czech Republic	430.5	168.6	261.9	477.8	183.6	294.2	519.6	204.1	315.5
Luxembourg	2562.9	1007.1	1555.8	2756.3	1112.5	1643.8	3366.3	1548.4	1817.9
Slovakia	276.0	111.8	164.2	314.7	116.8	197.9	336.9	130.3	206.5
Iceland	1310.2	126.9	1183.3	1438.1	153.9	1284.1	1360.0	148.2	1211.9
Poland	192.7	73.3	119.4	245.1	101.9	143.2	310.3	150.5	159.8
Russia	114.4	24.8	89.6	122.8	6.3	116.5	150.9	4.0	146.9
Croatia	247.9	58.7	189.2	274.7	70.9	203.9	307.9	81.8	226.1
Hungary	287.3	117.3	170.0	334.1	148.2	185.9	376.2	192.3	183.9
Yugoslavia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Contd...

Continent/Country	2004**			2005**			2006**		
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
Greece	402.1	177.9	224.1	446.7	213.1	233.6	489.3	256.7	232.6
Bulgaria	59.4	8.2	51.2	87.9	11.1	76.8	100.9	13.2	87.7
Ukraine	60.9	0.6	60.3	53.1	1.3	51.7	59.6	1.9	57.6
Turkey	64.5	12.0	52.6	78.6	12.7	65.9	89.2	13.1	76.1
Romania	48.2	11.3	36.9	69.5	14.6	54.9	94.5	18.7	75.7
Serbia Montenegro	44.7	3.2	41.5	48.7	4.2	44.5	77.1	7.7	69.4
Latvia	N/A	N/A	N/A	N/A	N/A	N/A	156.9	12.4	144.6
Lithuania	95.7	24.6	71.1	109.6	30.4	79.3	154.0	48.1	105.8
<b>Asia</b>	<b>194.3</b>	<b>147.2</b>	<b>47.1</b>	<b>197.9</b>	<b>149.6</b>	<b>48.3</b>	<b>205.0</b>	<b>154.6</b>	<b>50.4</b>
South Korea	1419.3	1006.8	412.5	1706.1	1210.6	495.5	2071.3	1480.0	591.2
Japan	3874.8	3044.0	830.8	3746.7	2956.3	790.4	3589.6	2829.3	760.4
Taiwan	1909.0	1494.6	414.4	2145.5	1699.1	446.4	2250.2	1800.0	450.3
Hong Kong	2217.2	1884.3	332.9	2544.9	2213.2	331.7	2787.6	2456.0	331.6
Israel	1043.4	467.4	576.0	1104.5	510.2	594.4	1132.5	532.6	599.9
Malaysia	256.5	167.3	89.3	283.3	188.0	95.3	292.2	189.2	103.0
Singapore	1849.3	1483.9	365.5	1983.4	1591.4	392.0	1957.7	1616.5	341.2
Thailand	92.1	50.8	41.4	99.0	54.6	44.4	110.1	60.0	50.0
<b>India</b>	<b>19.7</b>	<b>15.7</b>	<b>4.0</b>	<b>22.7</b>	<b>18.3</b>	<b>4.4</b>	<b>38.4</b>	<b>33.2</b>	<b>5.2</b>
Lebanon	126.7	39.6	87.2	185.6	56.3	129.3	181.5	57.9	123.6
PR China	40.2	27.3	12.9	46.3	30.5	15.8	53.5	34.1	19.4
Bahrain	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jordan	52.1	6.0	46.2	54.2	5.7	48.6	59.5	6.2	53.2
Phillipines	15.6	9.4	6.1	17.2	10.6	6.7	20.7	13.1	7.6
UAE	350.2	59.7	290.6	414.2	74.7	339.5	585.4	89.8	495.6
Sri Lanka	14.1	6.2	7.9	16.3	6.9	9.4	21.3	8.5	12.8
Indonesia	15.5	7.5	8.1	19.4	10.5	8.9	21.5	12.5	9.0
Oman	103.1	14.2	88.9	113.7	17.3	96.3	133.7	14.3	119.4
Vietnam	11.0	7.3	3.7	10.1	6.1	4.1	11.0	6.1	4.9
Iran	27.9	2.3	25.7	35.1	2.2	33.0	40.1	2.6	37.4
Kuwait	161.2	39.1	122.2	185.5	35.7	149.8	227.2	40.9	186.3
Pakistan	3.7	1.5	2.2	4.6	1.9	2.8	5.9	2.3	3.6
Saudia Arabia	51.4	2.1	49.3	57.1	0.7	56.4	63.1	0.8	62.4
Bangladesh	2.3	1.5	0.8	2.5	1.7	0.8	2.6	1.8	0.8
<b>Africa</b>	<b>43.4</b>	<b>30.3</b>	<b>13.1</b>	<b>44.2</b>	<b>30.7</b>	<b>13.5</b>	<b>53.6</b>	<b>38.3</b>	<b>15.3</b>
South Africa	686.5	545.5	141.0	714.6	558.3	156.2	855.8	695.6	160.2
Mauritius	220.8	133.1	87.7	226.5	136.1	90.4	N/A	N/A	N/A
Zimbabwe	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Morocco	44.9	10.6	34.3	47.0	11.7	35.3	52.4	14.7	37.8
Kenya	12.6	3.7	8.9	14.6	4.5	10.2	16.8	5.3	11.6
Ivory Coast	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tunisia	55.3	4.3	51.0	58.7	4.8	53.9	59.2	5.3	53.9
Nigeria	4.0	0.7	3.3	4.3	0.5	3.7	5.3	0.8	4.5
Egypt	8.9	3.1	5.8	10.3	4.0	6.2	11.2	4.7	6.5
Algeria	14.8	0.8	14.0	17.4	0.9	16.5	18.7	1.2	17.6
<b>Oceania</b>	<b>1736.9</b>	<b>851.0</b>	<b>885.9</b>	<b>1789.3</b>	<b>885.0</b>	<b>904.3</b>	<b>1787.3</b>	<b>896.3</b>	<b>891.0</b>
Australia	2471.4	1285.1	1186.3	2569.9	1366.7	1203.2	2580.8	1389.0	1191.9
New Zealand	1382.2	318.0	1064.2	1408.5	219.7	1188.8	1370.9	215.0	1155.9
<b>World</b>	<b>511.5</b>	<b>291.5</b>	<b>220.0</b>	<b>518.5</b>	<b>299.5</b>	<b>219.0</b>	<b>554.8</b>	<b>330.6</b>	<b>224.2</b>

Source: Swiss Re, Sigma volumes 3/2004, 2/2005, 5/2006 and 4/2007

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

\*\* Data relates to Calendar years

## POLICY HOLDERS ACCOUNT : ALL LIFE INSURERS

Particulars	BSLI		ICICI PRU		ING VVSYA		L.I.C.		HDFC STD LIFE		MNVL		RELIANCE LIFE \$		BAJAJ ALLIANZ LIFE	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Premiums earned - net																
(a) Premium @	176617	125566	791299	426105	70720	42538	12782284	9079222	285587	156991	150028	78813	100466	22421	531000	313358
(b) Reinsurance ceded	(3101)	(2184)	(1617)	(684)	(318)	(251)	(4167)	(3454)	(3324)	(2296)	(1486)	(841)	(414)	(200)	(926)	(536)
(c) Reinsurance accepted							109	151								
Income from Investments																
(a) Interest, Dividends & Rent-Gross	15771	8880	38054	20293	4019	2012	4057240	3547864	15895	6897	7028	3852	1390	731	11533	2111
(b) Profit on sale/redemption of investments	22877	8395	54231	23161	3878	481	767174	610719	10434	9449	1974	331	7499	937	37146	1066
(c) (Loss on sale/ redemption of investments)	(5541)	(2314)	(13857)	(6271)	(1069)	(83)	(145943)	(153943)	(4119)	(150)	(460)	(47)	(3034)	(140)	(10550)	(53)
(d) Transfer/Gain on revaluation/change in fair value	(13550)	17660	17386	105135	(592)	2380	(110232)	1014	21590	842	2260		(2562)	3014	(10366)	
(e) Amortization of Premium/																
Discount on Investments	(63)	(75)							(658)	(602)	(76)	(152)	(9)	(100)		
(f) Appropriation/Expropriation Adjustment Account			3092													
Other Income	2991	1610	16	47	50	39	96011	134128	2330	2327	99	123	131	73	7252	2902
Transfer from Shareholders' Account	15473	7019	75800	23067	18867	12624			14504	13970	7419	6516	32922	10494	9724	10855
<b>TOTAL(A)</b>	<b>211473</b>	<b>164557</b>	<b>964403</b>	<b>590854</b>	<b>95555</b>	<b>59739</b>	<b>17442476</b>	<b>13214688</b>	<b>321662</b>	<b>208176</b>	<b>165368</b>	<b>90856</b>	<b>136389</b>	<b>37229</b>	<b>574812</b>	<b>329704</b>
Commission	20138	15964	52551	28339	9417	6913	916907	709492	20993	12033	22852	13447	9877	1433	94668	34187
Operating Expenses related to Insurance Business	40261	24393	152296	72500	30353	21083	708086	604156	57674	39949	51370	33932	42904	11593	107302	48681
Provision for doubtful debts							41167	20976			58	9				
Bad debts written off											0	5				
Provision for Tax	237	214	1226	610	271	242	467080	396775	358	288	311	256	161	126	731	410
Provisions (other than taxation)							12233	4036								
(a) For diminution in the value of investments (Net)							(5851)	5110								
(b) Others																
<b>TOTAL(B)</b>	<b>60635</b>	<b>40571</b>	<b>206073</b>	<b>101450</b>	<b>40042</b>	<b>28238</b>	<b>2139621</b>	<b>1740546</b>	<b>79025</b>	<b>52150</b>	<b>74593</b>	<b>47650</b>	<b>52942</b>	<b>13152</b>	<b>202701</b>	<b>83278</b>
Benefits Paid (Net)	12484	7379	72750	20947	5051	3034	5328646	3392711	17454	4483	8337	4254	7891	3279	69854	65348
Interim Bonuses Paid					3	0	139571	29724	3	4			3	1	20	12
Change in valuation of liability in respect of life policies																
(a) Gross*	139681	117714	671979	467452	50463	28507	7394339	6926623	226253	152476	82385	38605	75552	20797	26699	19123
(b) Amount ceded in Reinsurance	(1326)	(1107)			(4)	(41)			(1411)	(1192)	(100)	(212)				
(c) Amount accepted in Reinsurance																
(d) Transfer to Linked Fund							2364517	1062908							261752	155761
<b>TOTAL (C)</b>	<b>150838</b>	<b>123986</b>	<b>744729</b>	<b>488398</b>	<b>55514</b>	<b>31501</b>	<b>15227074</b>	<b>11411965</b>	<b>242299</b>	<b>155772</b>	<b>90623</b>	<b>42646</b>	<b>83446</b>	<b>24077</b>	<b>358324</b>	<b>240244</b>
<b>SURPLUS/(DEFICIT) (D) = (A)-(B)-(C)</b>			<b>13601</b>	<b>1006</b>			<b>75781</b>	<b>62177</b>	<b>339</b>	<b>255</b>	<b>153</b>	<b>560</b>	<b>83446</b>	<b>24077</b>	<b>13788</b>	<b>6182</b>
<b>Prior Period Items</b>																
Balance at the beginning of the year																
Transfer from Linked Fund (Lapsed Policies)																
<b>Surplus available for appropriations</b>			<b>13601</b>	<b>1006</b>			<b>75781</b>	<b>62177</b>	<b>339</b>	<b>255</b>	<b>153</b>	<b>560</b>	<b>83446</b>	<b>24077</b>	<b>19433</b>	<b>6822</b>
<b>APPROPRIATIONS</b>																
Transfer to Shareholders' Account			3461	759			75781	62177			12	6			313	
Transfer to Other Reserves (Reserve for lapsed unit linked policies unlikely to be revived)															12411	1177
Balance being funds for future appropriations-Policyholders			10141	248					339	255	127	499			6709	5645
Balance being funds for future appropriations-Shareholders											14	55				
Balance transferred to Balance Sheet																
<b>TOTAL(D)</b>			<b>13602</b>	<b>1006</b>			<b>75781</b>	<b>62177</b>	<b>339</b>	<b>255</b>	<b>153</b>	<b>560</b>	<b>83446</b>	<b>24077</b>	<b>19433</b>	<b>6822</b>

Note : \* represents mathematical reserves after allocation of bonus  
# Insurer commenced operations during 2005-06  
! Insurer commenced operations during 2006-07  
Figures in brackets represents negative values  
\$ formerly known as AMP Sanmar

## POLICY HOLDERS ACCOUNT : ALL LIFE INSURERS

Particulars	SBI-LIFE		KOTAK MAHINDRA		TATA-AG LIFE		MET-LIFE		ANVA		SAHARA		SHRI RAM		BHARTI AXA		TOTAL		
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
Premiums earned – net																			
(a) Premium @	292849	107632	97151	62185	136718	88019	49271	20699	114723	60027	5100	2766	18417	1033	778	15603007	10587174	(20172)	(13616)
(b) Reinsurance ceded	(605)	(223)	(2018)	(1115)	(1123)	(1305)	(439)	(194)	(717)	(334)	(1)	(0)	(14)	(1)	(2)	(108)	151		
(c) Reinsurance accepted																			
Income from Investments																			
(a) Interest, Dividends & Rent – Gross	12603	5760	6158	3514	7664	3735	1656	643	4733	1916	266	87	42	1	3	4184055	3608296		
(b) Profit on sale/redemption of investments	8928	5124	10336	2000	6400	1506	252	98	554	576	130				1	931814	663843		
(c) Loss on sale/redemption of investments	(1894)	(76)	(2779)	(446)	(63)	(12)	(239)	(17)	(239)	(17)	(1)				(0)	(189550)	(163552)		
(d) Transfer/Gain on revaluation/change in fair value	2330	2266	(1776)	7415	1040	7036	908	797	3442	7421	(4)				(5)	(112125)	176974		
(e) Amortization of Premium/Discount on Investments																(806)	(929)		
(f) Appropriation/E xpropriation Adjustment Account																3092			
Other Income	173	87	70	24	441	379	69	1			5	16	137		73	109848	141756		
Transfer from Shareholders' Account	4375	4559	11799	4998	10434	7608	2279	8658	14916	15095	1054	922			8467	228030	126385		
<b>TOTAL(A)</b>	<b>318858</b>	<b>125030</b>	<b>118941</b>	<b>78574</b>	<b>161511</b>	<b>106966</b>	<b>53996</b>	<b>30603</b>	<b>137412</b>	<b>84684</b>	<b>6550</b>	<b>3791</b>	<b>18580</b>	<b>1032</b>	<b>9314</b>	<b>20737302</b>	<b>15126483</b>		
Commission	20281	6969	8020	5912	19124	13755	10505	4050	17886	10317	668	379	3604	358	56	1227548	863548		
Operating Expenses related to Insurance Business	31555	18996	24031	13408	35702	29078	23197	16157	42749	25498	1542	1121	2462	659	8607	1360091	961105		
Provision for doubtful debts					73	27										41298	21012		
Bad debts written off																0	5		
Provision for Tax	228	180	189	107	274	310	165	201	417	272	5		87		27	471765	399971		
Provisions (other than taxation)																12233	4036		
(a) For diminution in the value of investments (Net)																			
(b) Others																(5851)	5110		
<b>TOTAL(B)</b>	<b>52064</b>	<b>26145</b>	<b>32239</b>	<b>19427</b>	<b>55173</b>	<b>43171</b>	<b>33867</b>	<b>20407</b>	<b>61052</b>	<b>36087</b>	<b>2215</b>	<b>1500</b>	<b>6153</b>	<b>1017</b>	<b>8690</b>	<b>3107085</b>	<b>2254787</b>		
Benefits Paid (Net)	14006	8243	17317	4197	8209	4738	2077	597	7092	1755	157	22	176			5571501	3520986		
Interim Bonuses Paid									27	5						139627	29746		
Change in valuation of liability in respect of life policies																			
(a) Gross*	253083	90754	12081	12468	38962	28188	40236	13361	68796	45193	1232	502	1169	27	624	9083534	7961790		
(b) Amount ceded in Reinsurance	(296)	(111)			(96)	(102)	(74)	(161)	(177)	(89)	(1)	(0)				(3483)	(3017)		
(c) Amount accepted in Reinsurance																			
(d) Transfer to Linked Fund	50803		42217		52159	29716			2942	1739	1120					2743293	1292341		
<b>TOTAL (C)</b>	<b>266794</b>	<b>98885</b>	<b>80201</b>	<b>58882</b>	<b>99234</b>	<b>62541</b>	<b>42240</b>	<b>13797</b>	<b>75738</b>	<b>46864</b>	<b>4331</b>	<b>2263</b>	<b>12465</b>	<b>27</b>	<b>624</b>	<b>17534472</b>	<b>12801847</b>		
<b>SURPLUS/(DEFICT) (D) = (A)-(B)-(C)</b>	<b>6501</b>	<b>265</b>	<b>265</b>	<b>7104</b>	<b>1254</b>	<b>1254</b>	<b>(22111)</b>	<b>(3601)</b>	<b>622</b>	<b>1733</b>	<b>4</b>	<b>29</b>	<b>(37)</b>	<b>(12)</b>	<b>(0)</b>	<b>95744</b>	<b>69848</b>		
<b>Prior Period Items</b>																			
Balance at the beginning of the year																			
Transfer from Linked Fund (Lapsed Policies)	(4848)		(4848)		820	424	(7724)	1834	(5957)				(12)			(6839)	(10284)		
<b>Surplus available for appropriations</b>	<b>1653</b>	<b>(4702)</b>	<b>1653</b>	<b>(4702)</b>	<b>7924</b>	<b>1678</b>	<b>(29835)</b>	<b>(7724)</b>	<b>622</b>	<b>1733</b>	<b>4</b>	<b>29</b>	<b>(49)</b>	<b>(12)</b>	<b>(0)</b>	<b>89625</b>	<b>61822</b>		
<b>APPROPRIATIONS</b>																			
Transfer to Shareholders' Account	143		143		1471	351			39	26			25			81205	63293		
Transfer to Other Reserves (Reserve for lapsed unit linked policies unlikely to be revived)																12450	1203		
Balance being funds for future appropriations-Policyholders	1146	147				244			583	1707	4	29	(74)	(12)		19218	8517		
Balance being funds for future appropriations-Shareholders	363	(4848)			6453	1327	(30079)	(7724)								14	55		
Balance transferred to Balance Sheet																(23263)	(11245)		
<b>TOTAL(D)</b>	<b>1653</b>	<b>(4702)</b>	<b>1653</b>	<b>(4702)</b>	<b>7924</b>	<b>1678</b>	<b>(29835)</b>	<b>(7724)</b>	<b>622</b>	<b>1733</b>	<b>4</b>	<b>29</b>	<b>(49)</b>	<b>(12)</b>	<b>(0)</b>	<b>89625</b>	<b>61823</b>		

Note : Figures in brackets represents negative values  
\* represents mathematical reserves after allocation of bonus  
# Insurer commenced operations during 2005-06  
! Insurer commenced operations during 2006-07  
\$ formerly known as AMP Sammar



## SHARE HOLDERS ACCOUNT : ALL LIFE INSURERS

PARTICULARS	BSLI		ICICI PRU		INGVYSYA		L.I.C.		HDFC STD LIFE		MNVL		RELIANCE LIFE		BAJAJ ALLIANZ LIFE	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Amounts transferred from the Policy holders Account (Technical Account)			3461	759			75781	62177			12	6				313
<b>Income From Investments:</b>																
(a) Interest, Dividends & Rent - Gross	1571	1073	2671	1658	1083	1092	1585	995	1268	1385	1131	640	1338	834	2731	1136
(b) Profit on sale/redemption of investments	83	36	1007	369	79	36			1142	80	270	90	388	133	238	72
(c) (Loss on sale/ redemption of investments)	(8)	(16)	(359)	(16)	(29)	(25)	(4)		(125)	(69)	(22)	(0)	(165)	(20)	(198)	(139)
(d) Transfer/gain on revaluation/ Change in Fair value									(239)	(66)						
(e) Amortisation of Premium/ Discount on Investments	(107)	(156)							(24)	(89)	32	45	(58)	(189)		
Other Income				23	1	5			8	37	407	0				
<b>TOTAL (A)</b>	<b>1538</b>	<b>936</b>	<b>6779</b>	<b>2792</b>	<b>1133</b>	<b>1108</b>	<b>77362</b>	<b>63172</b>	<b>2030</b>	<b>1278</b>	<b>1831</b>	<b>781</b>	<b>1503</b>	<b>758</b>	<b>3084</b>	<b>1069</b>
Expenses other than those directly related to the insurance business	39	29	146	59	21	883		14	83	183	459	271	92	104	531	67
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	15473	7019	75800	23067	18867	12624			14504	13970	7419	6516	32922	10494	9724	10855
<b>TOTAL (B)</b>	<b>15512</b>	<b>7049</b>	<b>75946</b>	<b>23125</b>	<b>18888</b>	<b>13506</b>	<b>14</b>	<b>14586</b>	<b>14153</b>	<b>7878</b>	<b>6787</b>	<b>33013</b>	<b>10598</b>	<b>10254</b>	<b>10923</b>	
Profit/ (Loss) before tax	(13974)	(6113)	(69167)	(20333)	(17754)	(12398)	77362	63158	(12556)	(12875)	(6047)	(6006)	(31511)	(9840)	(7170)	(9854)
Provision for Taxation			4276	1545	3	2										
Profit / (Loss) after tax	(13974)	(6113)	(64891)	(18788)	(17757)	(12400)	77362	63158	(12556)	(12875)	(6047)	(6006)	(31511)	(9840)	(7170)	(9854)
Prior Period Items																
<b>APPROPRIATIONS</b>																
(a) Balance at the beginning of the year	(30486)	(24373)	(95279)	(68570)	(34956)	(22555)			(31657)	(18782)	(39234)	(33228)	(22200)	(12360)	(20431)	(10577)
(b) Interim dividends paid during the year																
(c) Proposed final dividend																
(d) Dividend distribution on tax							75781	62177								
(e) Transfer to reserves/ other accounts				(7922)			1581	981								
Profit carried to the Balance Sheet	(4459)	(3086)	(160170)	(95279)	(52713)	(34956)	-	(0)	(44213)	(31657)	(45281)	(39234)	(53710)	(22200)	(27601)	(20431)

STATEMENT 5  
(Rs. lakh)

SBI-LIFE		KOTAK MAHINDRA		TATA-AIG LIFE		MET-LIFE		AVIVA		SAHARA		SHRIRAM		BHARTIAXA	TOTAL	
2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2006-07	2005-06
		143		1471	351			39	26			25			81245	63319
3074	1950	964	656	1783	1194	800	626	1831	809	788	813	1001	347	565	24183	15207
1836	2855	160	25	0	767	106	30	70	36	261	62	79	14	25	5744	4605
(103)	(2)	(408)	(39)	(6)	(30)			(5)	(0)	(22)	(164)			(9)	(1462)	(522)
															(239)	(66)
						176	63								19	(326)
										1	0	12	2		428	67
<b>4807</b>	<b>4802</b>	<b>860</b>	<b>643</b>	<b>3248</b>	<b>2283</b>	<b>1082</b>	<b>719</b>	<b>1935</b>	<b>870</b>	<b>1028</b>	<b>711</b>	<b>1117</b>	<b>363</b>	<b>580</b>	<b>109917</b>	<b>82284</b>
49	40	24	4	51	66			195	162	26	580	28	114	156	1897	2575
4375	4559	11799	4998	10434	7608	2279	8658	14916	15095	1054	922			8467	228030	126385
<b>4423</b>	<b>4599</b>	<b>11823</b>	<b>5002</b>	<b>10484</b>	<b>7674</b>	<b>2279</b>	<b>8658</b>	<b>15111</b>	<b>15256</b>	<b>1079</b>	<b>1503</b>	<b>28</b>	<b>114</b>	<b>8623</b>	<b>229927</b>	<b>128960</b>
384	203	(10964)	(4360)	(7236)	(5391)	(1197)	(7940)	(13175)	(14387)	(51)	(791)	1089	250	(8043)	(120010)	(46676)
1	1	83	83								7	139	32		4502	1670
383	202	(11047)	(4442)	(7236)	(5391)	(1197)	(7940)	(13175)	(14387)	(51)	(784)	950	218	(8043)	(115960)	(45242)
							(1834)									(1834)
(3349)	(3550)	(15634)	(11099)	(23331)	(17940)	(15348)	(5574)	(33325)	(18939)						(365229)	(247547)
															75781	62177
															1581	(6941)
(2966)	(3349)	(26681)	(15541)	(30567)	(23331)	(16545)	(15348)	(46501)	(33325)	(51)	(784)	950	218	(8043)	(558551)	(349860)

## BALANCE SHEET : ALL LIFE INSURERS (AS AT 31ST MARCH)

	BSLI		ICICI PRU		ING VVSYA		L.I.C.		HDFC STD		MNVL		RELIANCE LIFE		BAJAJ ALLIANZ LIFE	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<b>SOURCES OF FUNDS</b>																
<i>SHAREHOLDERS' FUNDS</i>																
SHARE CAPITAL	67150	46000	131230	118500	69000	49000	500	500	80071	61927	73243	55743	66400	33100	15037	15023
ADVANCE AGAINST SHARE CAPITAL									2874							
SHARE APPLICATION MONEY																
PENDING ALLOTMENT																
EMPLOYEES STOCK																
OPTION OUTSTANDING			194	524												
RESERVES AND SURPLUS			75938				28781	17200	659	659	800	570			55016	34953
CREDIT/(DEBIT) FAIR VALUE																
CHANGE ACCOUNT	3	1	2910	1803	4	2			731	347	8	14	190	1	7	
<b>Sub-Total</b>	<b>67153</b>	<b>46001</b>	<b>210273</b>	<b>120827</b>	<b>69004</b>	<b>49002</b>	<b>29281</b>	<b>17700</b>	<b>83604</b>	<b>63317</b>	<b>74390</b>	<b>56321</b>	<b>66414</b>	<b>33290</b>	<b>70054</b>	<b>49984</b>
<i>BORROWINGS</i>																
<i>POLICYHOLDERS' FUNDS:</i>																
CREDIT/(DEBIT) FAIR VALUE					41	111									1	
CHANGE ACCOUNT	6	3	10150	12467	1120	1073	6205110	6522245	912	2096			36	102	154	130
REVALUATION RESERVE-																
INVESTMENT PROPERTY			3163													
POLICY LIABILITIES	11769	7720	176562	112248	48429	30478	52480868	44960307	173915	114880	91250	56628	13500	6568	67129	40430
INSURANCE RESERVES							280675	284328								
PROVISION FOR LINKED	364420	230114	1307627	699963	60839	28331	3599764	1351731	285168	119361	65460	17796	92119	23500	518684	256932
LIABILITIES																
<b>Sub-Total</b>	<b>376195</b>	<b>237837</b>	<b>1497502</b>	<b>824678</b>	<b>110388</b>	<b>59882</b>	<b>62566418</b>	<b>53118612</b>	<b>459995</b>	<b>236337</b>	<b>156709</b>	<b>74424</b>	<b>105655</b>	<b>30169</b>	<b>585968</b>	<b>297492</b>
DEFERRED TAX LIABILITY																
FUNDS FOR FUTURE	3	3	21485	11344				2724	595	255	695	554			20297	6823
APPROPRIATIONS																
<b>TOTAL</b>	<b>443351</b>	<b>283841</b>	<b>1729260</b>	<b>956849</b>	<b>179432</b>	<b>108994</b>	<b>62595699</b>	<b>53139035</b>	<b>544195</b>	<b>299909</b>	<b>231794</b>	<b>131299</b>	<b>172069</b>	<b>63460</b>	<b>676319</b>	<b>354299</b>
<b>APPLICATION OF FUNDS</b>																
<i>INVESTMENTS</i>																
Shareholders'	27444	18170	15672	44847	24787	16704	27945	16640	15297	13809	27097	14083	14640	9864	65365	27809
Policyholders'	10141	7199	234211	125146	45909	27265	51111283	45278642	177829	116950	91936	57399	14212	6826	90508	47661
ASSETS HELD TO COVER																
LINKED LIABILITIES	364420	230114	1325232	707885	60839	28331	3603060	1231528	285168	119361	65460	17796	92119	23500	518684	256932
LOANS	816	202	404	142	102	42	6308152	5512438	126	294			123	188	186	34
FIXED ASSETS	5688	3904	21944	6105	4018	4690	140356	126214	7361	6013	9011	6839	5736	1445	5357	3646
INCIDENTAL EXPENSES																
PENDING CAPITALISATION																
DEFERRED TAX ASSET			6900	2624												
<i>CURRENT ASSETS</i>																
Cash and Bank Balances	18381	8269	48238	24590	8128	8664	1329807	1280202	33636	28796	3969	2212	14672	5101	41980	29585
Advances and Other Assets	5802	3777	23593	11211	6945	6291	2101767	1824126	19620	9901	15164	8226	5621	1799	8545	7629
<b>Sub-Total (A)</b>	<b>24183</b>	<b>12046</b>	<b>71831</b>	<b>35800</b>	<b>15074</b>	<b>14955</b>	<b>3431574</b>	<b>3104328</b>	<b>53255</b>	<b>38697</b>	<b>19132</b>	<b>10438</b>	<b>20292</b>	<b>6900</b>	<b>50525</b>	<b>37214</b>
<i>CURRENT LIABILITIES</i>	30899	16071	100611	59349	23283	17386	456585	574273	38747	26586	26431	14676	28567	7390	80930	38905
Provisions	2902	2209	6493	1631	726	563	1570086	1556483	308	287	189	185	197	72	977	524
<b>Sub-Total (B)</b>	<b>33800</b>	<b>18281</b>	<b>107103</b>	<b>60980</b>	<b>24009</b>	<b>17949</b>	<b>2026671</b>	<b>2130756</b>	<b>39055</b>	<b>26873</b>	<b>26620</b>	<b>14861</b>	<b>28764</b>	<b>7462</b>	<b>81908</b>	<b>39429</b>
<b>NET CURRENT</b>																
<b>ASSETS(C)=(A-B)</b>	<b>(9618)</b>	<b>(6235)</b>	<b>(35272)</b>	<b>(25180)</b>	<b>(8935)</b>	<b>(2994)</b>	<b>1404902</b>	<b>973572</b>	<b>14200</b>	<b>11824</b>	<b>(7488)</b>	<b>(4423)</b>	<b>(8471)</b>	<b>(562)</b>	<b>(31383)</b>	<b>(2215)</b>
<i>MISCELLANEOUS EXPENDITURE</i>																
(to the extent not written off or adjusted)											498	371				
DEBIT BALANCE IN																
PROFIT & LOSS ACCOUNT																
(Shareholders' Account)	44460	30486	160170	95279	52713	34956			44214	31658	45281	39234	53710	22199	27601	20431
Debit Balance in Policyholders' A/c																
<b>TOTAL</b>	<b>443351</b>	<b>283841</b>	<b>1729260</b>	<b>956849</b>	<b>179432</b>	<b>108994</b>	<b>62595699</b>	<b>53139035</b>	<b>544195</b>	<b>299909</b>	<b>231794</b>	<b>131299</b>	<b>172069</b>	<b>63460</b>	<b>676319</b>	<b>354299</b>

Note: Figure in brackets represents negative values

**ANNUAL REPORT 2006-07**

STATEMENT 6  
(Rs. lakh)

SBI-LIFE		KOTAK MAHINDRA		TATA-AIG LIFE		MET-LIFE		AVIVA		SAHARA		SHRIRAM		BHARTI AXA		TOTAL	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
50000	42500	33035	24437	54700	44700	53000	23500	75820	45870	15675	15662	12500	12500	15000	110	812361	589073
						9100	9000									11974	900
														3800	868	3800	868
												1168	218			194	524
(936)	704	5204	5204			48	48			88	22	39	0	(7)		7715	8719
49064	43204	38238	29641	54700	44700	62148	32548	75820	45870	15763	15683	13707	12718	18793	978	998405	661783
						820	704									861	815
(2079)	3146	5	1505	436	1152					3						6215855	6543917
																3163	
241359	139128	40232	28151	100105	61239	21905	11463	3701	1537	2817	1585	1196	27	81		53474819	45572388
		363	(4849)													281038	279479
174954	24398	126454	75652	87227	37449	37152	7424	131861	65406	4769	1827	11003		543		6868044	2939883
414234	166671	167055	100458	187768	99840	59057	18887	135562	66943	7589	3412	12199	27	624		66842919	55335668
		1303	157	10798	4345	244		2290	1707	33	29	18				18	
463298	209875	206596	130255	253266	148885	122270	52139	213672	114520	23385	19125	25923	12745	19416	978	67899945	56026207
59152	44075	8538	6570	23747	16771	21961	9583	26249	18458	13301	12926	13630	12603	11544		396371	282912
222713	136133	40269	29752	112057	67174	24049	11731	5460	1542	2987	1823	923	338	81		52184567	45915582
174954	24398	127747	75798	86813	37308	36896	7424	132557	67111	4769	1539	11003		543		6890261	28290251
		232	72	465	147	50	7									6310656	5513567
3789	2885	2428	1836	3567	4116	1704	2108	2383	1232	681	801	559	265	1069	349	215652	172450
														658		68	68
													2			600	2626
16151	9768	12486	5710	8270	7266	4154	2090	15183	7762	289	354	1489	903	139	140	1556972	1421411
14739	11950	4442	3432	11246	8309	4701	2793	5405	1418	779	734	2846	300	1790	371	2233003	1902266
30890	21718	16928	9142	19516	15575	8855	4882	20588	9180	1088	1088	4335	1202	1930	511	3789975	3322677
31015	22587	15517	8189	23405	15473	17373	6350	19058	15871	827	412	4395	1586	3749	540	901392	825644
150	95	710	267	62	62	495	319	1007	458	6	1	206	92	43		1584557	1563249
31165	22683	16227	8457	23466	15536	17869	6669	20065	16329	883	413	4601	1678	3792	540	2485949	2388894
(276)	(965)	701	665	(3950)	39	(9014)	(1786)	523	(7149)	235	674	(266)	(476)	(1863)	(29)	1304026	934783
																48	371
2966	3349	26681	15541	30567	23331	16545	15348	46501	33325	1412	1360			8043		560862	366497
						30079	7724					74	12			30153	7736
463298	209875	206596	130256	253266	148885	122270	52139	213672	114520	23385	19125	25923	12745	19416	978	67899945	56026207

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

**POLICY HOLDERS ACCOUNT**

(Rs. Lakh)

	2006-07	2005-06
Premiums earned (Net)	1344	1266
Profit/ Loss on sale/redemption of Investments	(20)	(27)
Change in Policy Liabilities	(1805)	(1793)
Others	0	1
Interest, Dividend & Rent –(Gross)	871	722
<b>TOTAL (A)</b>	<b>390</b>	<b>169</b>
Claims Incurred (Net)	497	433
Commission	26	22
Operating Expenses related to Insurance Business	70	60
Others- Amortizations, Write offs and Provisions	15	
Foreign Taxes		
<b>TOTAL (B)</b>	<b>608</b>	<b>515</b>
<b>Operating Profit/(Loss) C= (A - B)</b>	<b>(218)</b>	<b>(346)</b>
<b>APPROPRIATIONS</b>		
Transfer to Shareholders' Account		
Transfer to Catastrophe Reserve		
Transfer to Other Reserves		
<b>TOTAL (C)</b>	<b>(218)</b>	<b>(346)</b>

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

**SHARES HOLDERS ACCOUNT**

(Rs. Lakh)

	2006-07	2005-06
<b>OPERATING PROFIT/(LOSS)</b>		
(a) Fire Insurance		
(b) Marine Insurance		
(C) Miscellaneous Insurance	(218)	(346)
<b>INCOME FROM INVESTMENTS</b>		
(a) Interest, Dividend & Rent – Gross		
(b) Profit on sale of investments		
Less: Loss on sale of investments		
<b>OTHER INCOME</b>		
<b>TOTAL (A)</b>	<b>(218)</b>	<b>(346)</b>
<b>PROVISIONS (Other than taxation)</b>		
(a) For diminution in the value of investments		
(b) For doubtful debts		
(C) Others		
<b>OTHER EXPENSES</b>		
(a) Expenses other than those related to Insurance Business		
(b) Bad debts written off		
(c) Others		
<b>TOTAL (B)</b>		
<b>Profit Before Tax</b>	<b>(218)</b>	<b>(346)</b>
Provision for Taxation		
<b>Profit after Tax</b>	<b>(218)</b>	<b>(346)</b>
<b>APPROPRIATIONS</b>		
(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	<b>(218)</b>	<b>(346)</b>



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

**BALANCE SHEET (As on 31st March)**

(Rs. Lakh)

	2007	2006
<b>SOURCES OF FUNDS</b>		
Share Capital		
Policy Liabilities	13997	12411
Reserves and Surplus	36	36
Fair value change account	7	7
Borrowings		
<b>TOTAL</b>	<b>14040</b>	<b>12453</b>
<b>APPLICATION OF FUNDS</b>		
Investments	13211	10453
Loans		
Fixed Assets		
Current Assets		
Cash and Bank Balances	4	1566
Advances and Other Assets	893	860
<b>Total Current Assets (A)</b>	<b>897</b>	<b>2427</b>
Current Liabilities	68	427
Provisions		
<b>Total Current Liabilities (B)</b>	<b>68</b>	<b>427</b>
<b>Net Current Assets (C) = (A - B)</b>	<b>829</b>	<b>2000</b>
Miscellaneous Expenditure (to the extent not written off)		
Debit balance in Profit and Loss A/c		
<b>TOTAL</b>	<b>14040</b>	<b>12453</b>

## STATEMENT 10

## Policy Holders Account : Public Sector Non-Life Insurers

(Rs. Lakh)

PARTICULARS	NEW INDIA				ORIENTAL											
	2006-07		2005-06		2006-07		2005-06									
	Fire	Marine	Misc	Total	Fire	Marine	Misc	Total								
Premiums earned (Net)	94184	16438	342890	453511	83088	16860	312151	412099	34153	15944	218980	269077	33763	13632	188189	235584
Profit/ Loss on sale/redemption of Investments	11040	3410	56864	71313	9564	3626	56750	69940	3303	1963	37883	43148	4586	2115	41550	48251
Others	-	-	-	-	-	-	-	-	29	30	(67)	(8)	(71)	2	(61)	(131)
Interest, Dividend & Rent - Gross	10514	3247	54155	67916	7935	3008	47083	58027	3083	1832	35362	40277	3243	1496	29385	34124
<b>TOTAL (A)</b>	<b>115738</b>	<b>23094</b>	<b>453908</b>	<b>592741</b>	<b>100588</b>	<b>23494</b>	<b>415985</b>	<b>540066</b>	<b>40568</b>	<b>19769</b>	<b>292158</b>	<b>352495</b>	<b>41522</b>	<b>17244</b>	<b>259062</b>	<b>317828</b>
Claims Incurred (Net)	56006	6230	302125	364361	60151	11525	291525	363201	15939	15584	204362	235886	23090	8531	174854	206474
Commission	7933	1423	29733	39089	7178	822	29628	37628	(1315)	424	10853	9962	(1032)	706	10666	10340
Operating Expenses related to Insurance Business	28432	5231	81596	115259	30556	5899	94234	130689	11340	5255	58828	75423	14160	6189	64727	85076
Others- Amortizations, Write offs & Provisions	36	11	183	230	606	230	3596	4432	106	63	1221	1391	143	66	1292	1500
Foreign Taxes	30	1	99	129	139	2	373	514	-	-	-	-	-	-	-	-
<b>TOTAL (B)</b>	<b>92436</b>	<b>12896</b>	<b>413736</b>	<b>519068</b>	<b>98630</b>	<b>18478</b>	<b>419356</b>	<b>536464</b>	<b>26070</b>	<b>21326</b>	<b>275265</b>	<b>322661</b>	<b>36361</b>	<b>15491</b>	<b>251538</b>	<b>303390</b>
Operating Profit/(Loss) from Fire/Marine/Miscellaneous Business C= (A - B)	23302	10199	40172	73673	1957	5016	(3371)	3602	14498	(1558)	16893	29834	5161	1753	7524	14438
<b>APPROPRIATIONS</b>																
Transfer to Shareholders' Account	23302	10199	40172	73673	1957	5016	(3371)	3602	14498	(1558)	16893	29834	5161	1753	7524	14438
Transfer to Catastrophe Reserve																
Transfer to Other Reserves																
<b>TOTAL (C)</b>	<b>23302</b>	<b>10199</b>	<b>40172</b>	<b>73673</b>	<b>1957</b>	<b>5016</b>	<b>(3371)</b>	<b>3602</b>	<b>14498</b>	<b>(1558)</b>	<b>16893</b>	<b>29834</b>	<b>5161</b>	<b>1753</b>	<b>7524</b>	<b>14438</b>

Figures in brackets indicate negative amounts

Contd...

**Policy Holders Account : Public Sector Non-Life Insurers**  
(Rs. Lakh)

PARTICULARS	NATIONAL						UNITED						TOTAL					
	2006-07		2005-06		2006-07		2005-06		2006-07		2005-06		2006-07	2005-06				
	Fire	Misc	Fire	Misc	Fire	Misc	Fire	Misc	Fire	Misc	Fire	Misc	Total	Total				
Premiums earned (Net)	33836	10235	232685	276757	35727	11876	228715	276317	41867	10531	184926	237324	40808	10656	167969	219433	1236669	1143433
Profit/Loss on sale/redemption of Investments	3892	1402	38774	44069	3252	1613	36639	41505	3634	1923	39161	44718	4933	2268	47458	54659	203249	214355
Others	-	-	-	-	-	-	75	75	(1)	(13)	64	50	(10)	365	56	412	43	355
Interest, Dividend & Rent – Gross	3654	1317	36403	41374	2896	1437	32632	36965	3568	1888	38446	43902	3932	1808	37827	43567	193470	172683
<b>TOTAL (A)</b>	<b>41383</b>	<b>12955</b>	<b>307863</b>	<b>362200</b>	<b>41875</b>	<b>14926</b>	<b>298061</b>	<b>354862</b>	<b>49069</b>	<b>14329</b>	<b>262597</b>	<b>325995</b>	<b>49663</b>	<b>15097</b>	<b>253310</b>	<b>318070</b>	<b>1633430</b>	<b>1530826</b>
Claims Incurred (Net)	20645	10085	208692	239422	24658	8560	249815	283033	31486	10886	171834	214206	18079	7268	178930	204277	1053875	1056985
Commission	(2672)	566	13510	11405	1323	501	12231	14055	(1073)	(358)	8207	6776	(1401)	220	7579	6398	67232	68421
Operating Expenses related to Insurance Business	11076	3406	66065	80547	13145	3369	71747	88261	18041	5161	66243	89445	20988	4913	71765	97666	360674	401692
Others- Amortizations, Write offs & Provisions	2	6203	6205	27	27	3	-	29	331	175	3567	4073	422	194	4059	4675	11898	10636
Foreign Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	129	514
<b>TOTAL (B)</b>	<b>29050</b>	<b>14058</b>	<b>294470</b>	<b>337578</b>	<b>39153</b>	<b>12433</b>	<b>333793</b>	<b>385379</b>	<b>48785</b>	<b>15864</b>	<b>249851</b>	<b>314500</b>	<b>38089</b>	<b>12594</b>	<b>262333</b>	<b>313015</b>	<b>1493808</b>	<b>1538249</b>
Operating Profit/(Loss) from Fire/Marine/Miscellaneous Business C= (A - B)	12332	(1103)	13393	24622	2722	2493	(35732)	(30517)	283	(1535)	12746	11495	11574	2503	(9022)	5055	139622	(7423)
<b>APPROPRIATIONS</b>																		
Transfer to Shareholders' Account	12332	(1103)	13393	24622	2722	2493	(35732)	(30517)	283	(1535)	12746	11495	11574	2503	(9022)	5055	139622	(7423)
Transfer to Catastrophe Reserve																		
Transfer to Other Reserves																		
<b>TOTAL (C)</b>	<b>12332</b>	<b>(1103)</b>	<b>13393</b>	<b>24622</b>	<b>2722</b>	<b>2493</b>	<b>(35732)</b>	<b>(30517)</b>	<b>283</b>	<b>(1535)</b>	<b>12746</b>	<b>11495</b>	<b>11574</b>	<b>2503</b>	<b>(9022)</b>	<b>5055</b>	<b>139622</b>	<b>(7423)</b>

Figures in brackets indicate negative amounts

## Share Holders Account : Public Sector Non-Life Insurers

(Rs. Lakh)

PARTICULARS	NEWINDIA		ORIENTAL		NATIONAL		UNITED		TOTAL	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
<b>OPERATING PROFIT/(LOSS)</b>										
(a) Fire Insurance	23302	1957	14498	5161	12332	2722	283	11574	50415	21414
(b) Marine Insurance	10199	5016	(1558)	1753	(1103)	2493	(1535)	2503	6003	11765
(c) Miscellaneous Insurance	40172	(3371)	16893	7524	13393	(35732)	12746	(9022)	83204	(40601)
	<b>73673</b>	<b>3602</b>	<b>29834</b>	<b>14438</b>	<b>24622</b>	<b>(30517)</b>	<b>11495</b>	<b>5055</b>	<b>139623</b>	<b>(7422)</b>
<b>INCOME FROM INVESTMENTS</b>										
(a) Interest, Dividend & Rent – Gross	42086	36424	15732	12169	9702	10602	21206	18547	88726	77742
(b) Profit on sale of investments	44265	43909	16874	17207	10334	11918	21600	23278	93073	96312
Less : Loss on sale of investments	(74)	(6)	(21)	-	-	(14)	-	(9)	(95)	(29)
	1509	3864	653	671	1332	1095	(299)	393	3196	6023
<b>TOTAL (A)</b>	<b>161459</b>	<b>87793</b>	<b>63071</b>	<b>44485</b>	<b>45991</b>	<b>(6917)</b>	<b>54001</b>	<b>47264</b>	<b>324523</b>	<b>172626</b>
<b>PROVISIONS (Other than taxation)</b>										
(a) For diminution in the value of investments	321	108	12	(216)	(751)	(3029)	23	(19)	(396)	(3156)
(b) For doubtful debts	(313)	172	(437)	10527	(49)	729	569	789	(231)	12218
(c) Others	135	2502	305	283	-	-	-	-	440	2785
<b>OTHER EXPENSES</b>										
(a) Expenses other than those related to Insurance Business	-	-	-	-	181	151	64	50	245	201
(b) Bad debts written off	-	-	2	4	-	-	-	-	2	4
(c) Others	(76)	(546)	226	467	1027	1196	1312	1170	2489	2287
<b>TOTAL (B)</b>	<b>66</b>	<b>2236</b>	<b>108</b>	<b>11066</b>	<b>408</b>	<b>(953)</b>	<b>1967</b>	<b>1990</b>	<b>2549</b>	<b>14339</b>
Profit Before Tax	161393	85557	62964	33419	45583	(5964)	52034	45274	321974	158286
Provision for Taxation	15398	13919	13237	5028	3455	4661	(852)	2751	31238	26359
Profit after Tax	145995	71638	49727	28392	42128	(10625)	52886	42523	290736	131927
<b>APPROPRIATIONS</b>										
(a) Interim dividends paid during the year										
(b) Proposed final dividend	29200	13000	10000	5000	8361	-	10577	8600	58139	26600
(c) Dividend distribution tax	4963	1823	1700	701	1421	-	1798	1206	9881	3731
(d) Transfer to any Reserves or Other Accounts										
Transfer to General Reserve	111832	56815	38027	22690	32345	(10625)	40511	32717	222716	101597
<b>Balance of Profit / Loss B/f from last year</b>										
<b>Balance C/f to Balance Sheet</b>										

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	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Share Capital	20000	20000	10000	10000	10000	10000	15000	10000	55000	50000
Reserves & Surplus	582016	460803	192579	154552	133348	101002	260991	225740	1168934	942097
Fair Value Change Account	1094835	1221127	583314	670703	592101	681624	403248	495752	2673499	3069206
Borrowings										
Deferred Tax Liability										
<b>TOTAL</b>	<b>1696851</b>	<b>1701930</b>	<b>785894</b>	<b>835255</b>	<b>735449</b>	<b>792626</b>	<b>679239</b>	<b>731492</b>	<b>3897432</b>	<b>4061304</b>
<b>APPLICATION OF FUNDS</b>										
Investments	2107007	2066526	1086973	1126268	1063780	1094224	1059930	1080409	5317689	5367427
Loans	74545	78652	41083	43269	41721	45913	58675	62982	216025	230815
Fixed Assets	13265	12106	7364	8460	6000	6758	9841	7067	36468	34391
Deferred Tax Assets	4056	6175	-	-	-	-	222	-	4278	6175
<b>CURRENT ASSETS</b>										
Cash & Bank Balance	316227	305971	148499	102676	103139	97149	84974	89048	652840	594844
Advances and Other Assets	224597	223012	108542	73831	145448	136601	114276	116631	592863	550076
Sub-Total (A)	540824	528983	257041	176507	248587	233750	199250	205680	1245703	1144920
<b>CURRENT LIABILITIES</b>										
Provisions	287128	287154	199543	174972	170119	152357	175932	153623	832721	768105
Sub-Total (B)	1047606	1000628	611418	529548	630641	600186	648679	624646	2938344	2755008
<b>Net Current Assets (C) = (A-B)</b>	<b>(506782)</b>	<b>(471645)</b>	<b>(354377)</b>	<b>(353040)</b>	<b>(382054)</b>	<b>(366436)</b>	<b>(449429)</b>	<b>(418966)</b>	<b>(1692642)</b>	<b>(1610088)</b>
Misc. Expenditure (to the extent not written off or adjusted)	4761	10116	4851	10298	6002	12168	-	-	15614	32583
Profit & Loss Account (Debit Balance)										
<b>TOTAL</b>	<b>1696851</b>	<b>1701930</b>	<b>785894</b>	<b>835255</b>	<b>735449</b>	<b>792626</b>	<b>679239</b>	<b>731492</b>	<b>3897432</b>	<b>4061304</b>

## Policy Holders Account : Private Sector Non-Life Insurers

PARTICULARS	ROYAL SUNDARAM			BAJAJ ALLIANZ						
	Fire	Marine	Misc. 2006-07 2005-06	Fire	Marine	Misc. 2006-07 2005-06				
Premiums earned (Net)	2920	823	29614	33358	24944	9382	2674	71797	83853	58637
Profit/ Loss on sale/redemption of Investments	5	2	58	66	70	188	36	683	908	382
Others			3	3	3	(84)	(5)	201	112	705
Interest, Dividend & Rent – Gross	179	75	1976	2230	1337	1377	265	5002	6644	2893
<b>TOTAL (A)</b>	<b>3105</b>	<b>900</b>	<b>31651</b>	<b>35657</b>	<b>26354</b>	<b>10863</b>	<b>2970</b>	<b>77683</b>	<b>91517</b>	<b>62616</b>
Claims Incurred (Net)	542	619	19213	20374	16166	5009	3727	46828	55563	40999
Commission	(1642)	(230)	1775	(97)	(619)	(6968)	(124)	(772)	(7864)	(6222)
Operating Expenses related to Insurance Business	2324	318	10998	13640	10481	4903	1270	28452	34625	20864
Premium Deficiency							387	(487)	(100)	293
<b>TOTAL (B)</b>	<b>1224</b>	<b>706</b>	<b>31987</b>	<b>33916</b>	<b>26028</b>	<b>2943</b>	<b>5260</b>	<b>74021</b>	<b>82223</b>	<b>55934</b>
<b>Operating Profit/(Loss) C= (A - B)</b>	<b>1881</b>	<b>194</b>	<b>(335)</b>	<b>1740</b>	<b>325</b>	<b>7921</b>	<b>(2289)</b>	<b>3663</b>	<b>9294</b>	<b>6682</b>
<b>APPROPRIATIONS</b>										
Transfer to Shareholders' Account	1881	194	(335)	1740	325	7921	(2289)	3663	9294	6682
Transfer to Catastrophe Reserve										
Transfer to Other Reserves										
<b>TOTAL (C)</b>	<b>1881</b>	<b>194</b>	<b>(335)</b>	<b>1740</b>	<b>325</b>	<b>7921</b>	<b>(2289)</b>	<b>3663</b>	<b>9294</b>	<b>6682</b>

Note : Figures in brackets indicates negative amounts

Contd...



## Policy Holders Account : Private Sector Non-Life Insurers

(Rs. lakh)

PARTICULARS	TATAAIG			RELIANCE				
	Fire	Marine	Misc.	2006-07	2005-06	Misc.		
Premiums earned (Net)	1489	3099	33576	38165	28556	21412	24426	5397
Profit/ Loss on sale/redemption of Investments	15	28	252	295	385	9	398	53
Others	14	4	45	63	101	5	5	5
Interest, Dividend & Rent – Gross	176	195	1753	2124	1794	24	994	414
<b>TOTAL (A)</b>	<b>1695</b>	<b>3327</b>	<b>35625</b>	<b>40647</b>	<b>30835</b>	<b>654</b>	<b>22809</b>	<b>5864</b>
Claims Incurred (Net)	635	2552	17524	20711	16015	581	14951	3444
Commission	(2778)	(127)	1961	(944)	(2102)	(26)	(4001)	(1395)
Operating Expenses related to Insurance Business	1589	1386	16379	19355	15113	319	16555	2724
Premium Deficiency								
<b>TOTAL (B)</b>	<b>(554)</b>	<b>3812</b>	<b>35864</b>	<b>39121</b>	<b>29026</b>	<b>874</b>	<b>27506</b>	<b>4773</b>
<b>Operating Profit/(Loss) C= (A - B)</b>	<b>2249</b>	<b>(485)</b>	<b>(239)</b>	<b>1525</b>	<b>1809</b>	<b>(220)</b>	<b>(4697)</b>	<b>1091</b>
<b>APPROPRIATIONS</b>								
Transfer to Shareholders' Account	2249	(485)	(239)	1525	1809	(220)	(4697)	1091
Transfer to Catastrophe Reserve								
Transfer to Other Reserves								
<b>TOTAL (C)</b>	<b>2249</b>	<b>(485)</b>	<b>(239)</b>	<b>1525</b>	<b>1809</b>	<b>(220)</b>	<b>(4697)</b>	<b>1091</b>

Note : Figures in brackets indicates negative amounts

Contd...

## Policy Holders Account : Private Sector Non-Life Insurers

(Rs. lakh)

PARTICULARS	IFFCO TOKIO			ICICI LOMBARD				
	Fire	Marine	Misc.	2006-07	2005-06	Misc.	2006-07	2005-06
Premiums earned (Net)	5481	3035	46244	54760	34598	98459	106665	52768
Profit/ Loss on sale/redemption of Investments	13	11	92	116	54	2439	2633	3189
Others			7	7	3	(123)	(133)	(49)
Interest, Dividend & Rent – Gross	380	334	2699	3412	2180	69	5337	2076
<b>TOTAL (A)</b>	<b>5874</b>	<b>3380</b>	<b>49042</b>	<b>58295</b>	<b>36835</b>	<b>7458</b>	<b>114502</b>	<b>57983</b>
Claims Incurred (Net)	2592	4222	33045	39859	24407	1156	81384	38925
Commission	(5624)	43	1428	(4152)	(4011)	(9339)	(19048)	(12573)
Operating Expenses related to Insurance Business	5209	2289	12975	20473	15289	2565	49873	29827
Premium Deficiency					50			
<b>TOTAL (B)</b>	<b>2177</b>	<b>6555</b>	<b>47448</b>	<b>56180</b>	<b>56180</b>	<b>73</b>	<b>112210</b>	<b>56180</b>
<b>Operating Profit/(Loss) C= (A - B)</b>	<b>3697</b>	<b>(3175)</b>	<b>1593</b>	<b>2115</b>	<b>(19345)</b>	<b>7385</b>	<b>2292</b>	<b>1804</b>
<b>APPROPRIATIONS</b>								
Transfer to Shareholders' Account	3697	(3175)	1593	2115	(19345)	7385	(3889)	1804
Transfer to Catastrophe Reserve								
Transfer to Other Reserves								
<b>TOTAL (C)</b>	<b>3697</b>	<b>(3175)</b>	<b>1593</b>	<b>2115</b>	<b>(19345)</b>	<b>7385</b>	<b>(3889)</b>	<b>1804</b>

Note : Figures in brackets indicates negative amounts

Contd...

## Policy Holders Account : Private Sector Non-Life Insurers

(Rs. lakh)

PARTICULARS	CHOLAMANDALAM				HDFCCHUBB				TOTAL			
	Fire	Marine	Misc. 2006-07	2005-06	Fire	Marine	Misc. 2006-07	2005-06		2006-07 2005-06		
Premiums earned (Net)	3180	709	8839	12728	8840	157	96	13776	14029	13835	367983	227575
Profit/ Loss on sale/redemption of Investments	12	2	18	32	36	1	0	23	24	12	4557	4181
Others	9	1	2	11	45	21	(1)	(144)	(125)	55	(57)	863
Interest, Dividend & Rent – Gross	327	64	524	915	659	23	6	727	756	720	22632	12071
<b>TOTAL (A)</b>	<b>3528</b>	<b>776</b>	<b>9383</b>	<b>13687</b>	<b>9580</b>	<b>201</b>	<b>101</b>	<b>14382</b>	<b>14684</b>	<b>14622</b>	<b>395115</b>	<b>244690</b>
Claims Incurred (Net)	894	892	5291	7077	6893	118	75	7810	8003	7973	250289	154822
Commission	(1229)	(301)	(585)	(2115)	(2172)	(234)	(12)	730	484	780	(41679)	(28312)
Operating Expenses related to Insurance Business	2073	667	5209	7949	5713	153	93	6149	6395	5767	170401	105779
Premium Deficiency		24		24							(76)	343
<b>TOTAL (B)</b>	<b>1738</b>	<b>1282</b>	<b>9915</b>	<b>12934</b>	<b>10434</b>	<b>37</b>	<b>156</b>	<b>14689</b>	<b>14882</b>	<b>14521</b>	<b>378935</b>	<b>232632</b>
<b>Operating Profit/(Loss) C= (A - B)</b>	<b>1790</b>	<b>(506)</b>	<b>(532)</b>	<b>752</b>	<b>(854)</b>	<b>164</b>	<b>(55)</b>	<b>(308)</b>	<b>(198)</b>	<b>101</b>	<b>16180</b>	<b>12059</b>
<b>APPROPRIATIONS</b>												
Transfer to Shareholders' Account	1790	(506)	(532)	752	(854)	164	(55)	(308)	(198)	101	16180	12059
Transfer to Catastrophe Reserve												
Transfer to Other Reserves												
<b>TOTAL (C)</b>	<b>1790</b>	<b>(506)</b>	<b>(532)</b>	<b>752</b>	<b>(854)</b>	<b>164</b>	<b>(55)</b>	<b>(308)</b>	<b>(198)</b>	<b>101</b>	<b>16180</b>	<b>12059</b>

Note : Figures in brackets indicates negative amounts

## Share Holders Account : Private Sector Non-Life Insurers

(Rs Lakh)

PARTICULARS	ROYAL	BAJAJ	TATAAIG	RELIANCE	IFFCO TOKIO	ICICI-LOMBARD	CHOLAMANDALAM	HDFC GENERAL	TOTAL											
	SUNDARAM 2006-07 2005-06	ALLIANZ 2006-07 2005-06	2006-07 2005-06	2006-07 2005-06	2006-07 2005-06	2006-07 2005-06	2006-07 2005-06	2006-07 2005-06	2006-07 2005-06											
<b>OPERATING PROFIT/(LOSS)</b>																				
(a) Fire Insurance	1881	7921	2249	2808	3697	4600	7385	4813	1790	164	(66)	28663	18723							
(b) Marine Insurance	194	(2289)	(485)	(367)	(3175)	(1278)	(1204)	(1204)	(506)	(345)	(19)	(7739)	(4419)							
(c) Miscellaneous Insurance	(335)	3663	(239)	(632)	1593	(2222)	(3889)	(1806)	(532)	(440)	(308)	187	(4744)	(2245)						
<b>INCOME FROM INVESTMENTS</b>																				
(a) Interest, Dividend & Rent -																				
Gross	963	2051	1526	1149	918	2109	1316	3918	1468	605	573	662	602	12904	7675					
(b) Profit on sale of investments	29	326	260	255	428	118	72	33	1933	2256	21	36	21	10	3089	2909				
Less : Loss on sale of investments	(0)	(46)	(197)	(234)		(98)	(40)				(5)				(341)	(315)				
Other Income	1	295	23	73	86	1	27	20	0			(153)	(152)	298	508					
<b>TOTAL (A)</b>	<b>2733</b>	<b>1030</b>	<b>11920</b>	<b>8376</b>	<b>3137</b>	<b>3053</b>	<b>244</b>	<b>2128</b>	<b>4322</b>	<b>2449</b>	<b>8065</b>	<b>5488</b>	<b>1379</b>	<b>(250)</b>	<b>331</b>	<b>561</b>	<b>32130</b>	<b>22836</b>		
Provisions (Other than taxation)																				
(a) For diminution in the value of investments			43	239													43	239		
(b) For doubtful debts																				
(c) Others																		(209)		
<b>OTHER EXPENSES</b>																				
(a) Expenses other than those related to Insurance Business	7	15	217	175	(2)	127	20	21	76	39	53	35			81	81	452	494		
(b) Bad debts written off																				
(c) Others - preliminary & pre-operative amortizations	8																		8	18
<b>TOTAL (B)</b>	<b>15</b>	<b>15</b>	<b>217</b>	<b>193</b>	<b>(168)</b>	<b>366</b>	<b>20</b>	<b>21</b>	<b>76</b>	<b>39</b>	<b>53</b>	<b>35</b>	<b>81</b>	<b>81</b>	<b>81</b>	<b>81</b>	<b>294</b>	<b>751</b>		
Profit Before Tax	2718	1015	11703	8183	3305	2687	224	2107	4246	2410	8012	5453	1379	(250)	250	480	31836	22085		
Provision for Taxation	600	151	4166	3026	1148	1326	61	671	1533	948	1176	422	130	62	50	39	8863	6646		
Profit After Tax	2119	863	7537	5156	2157	1360	162	1437	2713	1462	6836	5031	1249	(312)	200	441	22973	15438		
<b>APPROPRIATIONS</b>																				
(a) Interim dividends paid during the year																			4384	2325
(b) Proposed final dividend																			880	880
(c) Dividend distribution tax																			764	450
(d) Transfer to any Reserves or Deferred Tax of last year																				
(e) catastrophe Reserve																				342
Balance of profit/ loss Bif from last year	(1875)	(2738)	12036	6879	(277)	(1638)	5078	3641	2979	2520	5320	2940	(1571)	(1259)	(3210)	(3651)	18479	6695		
<b>Balance C/f to Balance Sheet</b>	<b>244</b>	<b>(1875)</b>	<b>19573</b>	<b>12036</b>	<b>1880</b>	<b>(277)</b>	<b>5240</b>	<b>5077</b>	<b>4662</b>	<b>2979</b>	<b>6816</b>	<b>5320</b>	<b>(323)</b>	<b>(1571)</b>	<b>(3010)</b>	<b>(3210)</b>	<b>35424</b>	<b>18478</b>		

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 GENERAL		TOTAL		
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006		2007	
Share Capital	14000	14000	11013	11005	22500	19500	10307	10200	22000	22000	33571	24500	14196	14196	12491	12474	140078	127875	
Reserves & Surplus	244		29328	15702	1880		15633	5078	7674	5990	45700	12792			6	2	100459	39562	
Fair Value Change Account	1		816	967	162	680	98	442			(1241)	4386	(77)				(237)	6477	
Borrowings		3													204	16	204	19	
Others										15000									
Deferred Tax Liability					44										6				
<b>TOTAL</b>	<b>14244</b>	<b>14004</b>	<b>41157</b>	<b>27674</b>	<b>24542</b>	<b>20225</b>	<b>26038</b>	<b>15719</b>	<b>29674</b>	<b>27990</b>	<b>93029</b>	<b>41678</b>	<b>14119</b>	<b>14196</b>	<b>12706</b>	<b>12491</b>	<b>240504</b>	<b>173933</b>	
<b>APPLICATION OF FUNDS</b>																			
Investments	46466	36650	130041	75802	52834	43204	63315	21934	47381	36305	171047	90646	25435	21598	17814	18682	554333	344821	
Loans						1											0	1	
Fixed Assets	1463	1307	4978	3530	2953	2485	2889	341	1643	1608	8694	4730	1148	802	1458	909	25224	15712	
Deferred Tax Asset			1001	536	77	85	9	160	737	1232	561						2555	1843	
<b>CURRENT ASSETS</b>																			
Cash and Bank Balances	5161	3348	22404	9810	5281	3619	1815	1084	27956	27951	34790	10779	3062	1330	2310	1541	102778	59462	
Advances and Other Assets	4827	3634	11183	16651	11309	9938	5502	2108	12466	9578	79642	57193	3963	2210	2622	1980	131514	103292	
<b>Sub-Total (A)</b>	<b>9988</b>	<b>6982</b>	<b>33587</b>	<b>26461</b>	<b>16590</b>	<b>13557</b>	<b>7317</b>	<b>3192</b>	<b>40422</b>	<b>37530</b>	<b>114432</b>	<b>67972</b>	<b>7025</b>	<b>3540</b>	<b>4932</b>	<b>3521</b>	<b>234293</b>	<b>62755</b>	
<b>CURRENT LIABILITIES</b>																			
Provisions	21186	15604	58280	37844	23351	19565	29759	3568	30836	27513	77674	39137	9450	5830	6821	7538	257357	561598	
<b>Sub-Total (B)</b>	<b>43673</b>	<b>32809</b>	<b>128449</b>	<b>78655</b>	<b>47911</b>	<b>39300</b>	<b>47568</b>	<b>9756</b>	<b>59932</b>	<b>48190</b>	<b>202375</b>	<b>122231</b>	<b>19812</b>	<b>13315</b>	<b>14543</b>	<b>13930</b>	<b>564263</b>	<b>358187</b>	
<b>NET CURRENT</b>																			
<b>ASSETS (C) = (A - B)</b>	<b>(33685)</b>	<b>(25827)</b>	<b>(94862)</b>	<b>(52194)</b>	<b>(31322)</b>	<b>(25743)</b>	<b>(40251)</b>	<b>(6564)</b>	<b>(19510)</b>	<b>(10660)</b>	<b>(87943)</b>	<b>(54258)</b>	<b>(12787)</b>	<b>(9775)</b>	<b>(9612)</b>	<b>(10410)</b>	<b>(329970)</b>	<b>(195632)</b>	
Misc. Expenditure (to the extent not written off or adjusted)															35	99	35	99	
Profit & Loss Account (Debit Balance)		1875				277												323	1571
<b>TOTAL</b>	<b>14244</b>	<b>14004</b>	<b>41157</b>	<b>27674</b>	<b>24542</b>	<b>20225</b>	<b>26038</b>	<b>15719</b>	<b>29674</b>	<b>27990</b>	<b>93029</b>	<b>41678</b>	<b>14119</b>	<b>14196</b>	<b>12706</b>	<b>12491</b>	<b>255510</b>	<b>173977</b>	

Note : Figures in brackets indicates negative amounts

**GENERAL INSURANCE CORPORATION (GIC)  
POLICY HOLDER ACCOUNT**

(Rs. Lakh)

	2006-07					2005-06				
	Fire	Marine	Misc	Life	Total	Fire	Marine	Misc	Life	Total
Premiums earned ( <i>Net</i> )	145412	28112	352705	151	526380	127344	33484	284925	131	<b>445884</b>
Profit/ Loss on sale/redemption of Investments	10737	4016	39765	5	54523	10279	4533	35256		<b>50067</b>
Others	1646	(546)	(1199)	(0)	(98)	(38)	30	82	(0)	<b>74</b>
Interest, Dividend & Rent – Gross	13528	5060	50105	7	68700	12247	5401	42008	6	<b>59661</b>
<b>TOTAL (A)</b>	<b>171323</b>	<b>36643</b>	<b>441377</b>	<b>163</b>	<b>649505</b>	<b>149832</b>	<b>43447</b>	<b>362270</b>	<b>136</b>	<b>555686</b>
Claims Incurred ( <i>Net</i> )	105171	34497	222532	71	362271	92767	31877	332615	48	<b>457307</b>
Commission	58681	10014	98317	0	167012	41505	7387	61379	22	<b>110293</b>
Operating Expenses related to Insurance Business Foreign Taxes	1423	263	3124	1	4811	1521	243	2746	23	<b>4533</b>
<b>TOTAL (B)</b>	<b>165275</b>	<b>44775</b>	<b>323972</b>	<b>73</b>	<b>534094</b>	<b>135793</b>	<b>39507</b>	<b>396741</b>	<b>93</b>	<b>572133</b>
<b>Operating Profit/(Loss) C = (A - B)</b>	<b>6047</b>	<b>(8132)</b>	<b>117405</b>	<b>90</b>	<b>115410</b>	14039	3940	(34470)	43	(16448)
<b>APPROPRIATIONS</b>										
Transfer to Shareholders' Account	6047	(8132)	117405	90	115410	14039	3940	(34470)	43	<b>(16448)</b>
Transfer to Catastrophe Reserve										
Transfer to Other Reserves										
<b>TOTAL (C)</b>	<b>6047</b>	<b>(8132)</b>	<b>117405</b>	<b>90</b>	<b>115410</b>	<b>14039</b>	<b>3940</b>	<b>(34470)</b>	<b>43</b>	<b>(16448)</b>

Note : Figures in brackets indicate negative values



**GENERAL INSURANCE CORPORATION (GIC)  
SHARE HOLDERS ACCOUNT**

(Rs. Lakh)

PARTICULARS	2006-07	2005-06
<b>OPERATING PROFIT/(LOSS)</b>		
(a) Fire Insurance	6047	14039
(b) Marine Insurance	(8132)	3940
(c) Miscellaneous Insurance	117405	(34470)
(d) Life Insurance	90	43
	115410	(16448)
<b>INCOME FROM INVESTMENTS</b>		
(a) Interest, Dividend & Rent – Gross	34529	33868
(b) Profit on sale of investments	27403	28424
Less: Loss on sale of investments		
<b>OTHER INCOME</b>	<b>5694</b>	<b>458</b>
<b>TOTAL (A)</b>	<b>183036</b>	<b>46302</b>
<b>PROVISIONS</b> (Other than taxation)		
(a) For diminution in the value of investments	1793	374
(b) For doubtful debts	(1339)	(4750)
(c) Others	3636	6384
<b>OTHER EXPENSES</b>		
(a) Expenses other than those related Insurance business		
(b) Bad debts written off		
(c) Others		
<b>TOTAL (B)</b>	<b>4090</b>	<b>2008</b>
Profit before Tax	178946	44294
Provision for Taxation	25811	(15558)
<b>Profit after Tax</b>	<b>153134</b>	<b>59852</b>
<b>APPROPRIATIONS</b>		
(a) Interim dividends paid during the year		
(b) Proposed final dividend	30960	8600
(c) Dividend distribution tax	5262	1206
(d) Transfer to any Reserves or other Accounts		
(e) Transfer to General Reserve	116910	50050
(f) Balance of Profit / Loss B/f from last year	2	6
(g) Balance c/f to Balance Sheet	5	2

Note : Figures in brackets indicate negative values

**GENERAL INSURANCE CORPORATION (GIC)**  
**BALANCE SHEET (as on 31 st MARCH)**

(Rs. Lakh)

SOURCES OF FUNDS	2007	2006
Share Capital	43000	43000
Reserves & Surplus	549826	432913
Fair Value Change Account	982843	1031161
Borrowings		
Deferred Tax Liability		
<b>TOTAL</b>	<b>1575668</b>	<b>1507074</b>
<b>APPLICATION OF FUNDS</b>		
Investments	2290511	2138083
Loans	74910	75323
Fixed Assets	4369	4276
Deferred Tax Asset	6179	16989
<b>CURRENT ASSETS</b>		
<i>Cash &amp; Bank Balance</i>	180375	187645
Advances and Other Assets	296054	220088
<b>Sub-Total (A)</b>	<b>476429</b>	<b>407732</b>
<b>CURRENT LIABILITIES</b>		
<i>Provisions</i>	403811	263162
<b>Sub-Total (B)</b>	<b>1276730</b>	<b>1135329</b>
<b>Net Current Assets (C)= (A-B)</b>	<b>(800301)</b>	<b>(727597)</b>
Misc. Expenditure (to the extent not written off or adjusted)		
Profit & Loss Account (Debit Balance)		
<b>TOTAL</b>	<b>1575668</b>	<b>1507074</b>

Note : Figures in brackets indicate negative values

**POLICY HOLDERS ACCOUNT : EXPORT CREDIT GUARANTEE  
CORPORATION OF INDIA LTD (ECGC)**

(Rs. Lakh)

<b>PARTICULARS</b>	<b>2006-07</b>	<b>2005-06</b>
Premiums earned ( <i>Net</i> )	59444	54305
Profit/ Loss on sale/redemption of Investments	0	0
Others	78	67
Interest, Dividend & Rent – Gross	11454	9611
<b>TOTAL (A)</b>	<b>70976</b>	<b>63983</b>
Claims Incurred ( <i>Net</i> )	18711	24964
Commission*	(17)	(7)
Operating Expenses related to Insurance Business	7396	11308
Others- Amortizations, Write offs & Provisions		
Foreign Taxes		
<b>TOTAL (B)</b>	<b>26089</b>	<b>36265</b>
<b><i>Operating Profit/(Loss) from Fire/Marine/Miscellaneous Business C= (A - B)</i></b>	<b>44887</b>	<b>27718</b>
<b>APPROPRIATIONS</b>		
Transfer to Shareholders' Account	44887	27718
Transfer to Catastrophe Reserve		
Transfer to Other Reserves		
<b>TOTAL (C)</b>	<b>44887</b>	<b>27718</b>

Note : Figures in brackets indicate negative values

\* 2005-06 figures are revised

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

(Rs. Lakh)

PARTICULARS	2006-07	2005-06
<b>OPERATING PROFIT/(LOSS)</b>		
(a) Fire Insurance		
(b) Marine Insurance		
(c) Miscellaneous Insurance*	44887	27718
	<b>44887</b>	<b>27718</b>
<b>INCOME FROM INVESTMENTS</b>		
(a) Interest, Dividend & Rent – Gross*	10161	6149
(b) Profit on sale of investments	0	0
Less: Loss on sale of investments		
<b>OTHER INCOME*</b>	126	417
<b>TOTAL (A)</b>	<b>55174</b>	<b>34285</b>
<b>PROVISIONS</b> (Other than taxation)		
(a) For diminution in the value of investments		
(b) For doubtful debts		28
(c) Others		
<b>OTHER EXPENSES</b>		
(a) Expenses other than those related to Insurance Business		
(b) Bad debts written off		
(c) Others		
<b>TOTAL (B)</b>		<b>28</b>
Profit Before Tax	55174	34257
Provision for Taxation	18908	12294
Prior Period Adjustments	(704)	(100)
Profit after Tax	36970	22176
<b>APPROPRIATIONS</b>		
(a) Interim dividends paid during the year	2500	1000
(b) Proposed final dividend	10000	3435
(c) Dividend distribution tax	1403	482
(d) Transfer to any Reserves or Other Accounts		
Transfer to General Reserve	23067	17259
Balance of Profit / Loss B/f from last year	2	2
<b>Balance C/f to Balance Sheet</b>	<b>2</b>	<b>2</b>

Note : Figures in brackets indicate negative values

\* 2005-06 figures are revised

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

(Rs. Lakh)

<b>SOURCES OF FUNDS</b>	<b>2007</b>	<b>2006</b>
Share Capital	80000	70000
Reserves & Surplus	62914	39847
Fair Value Change Account		
Borrowings		
Deferred Tax Liability		
<b>TOTAL</b>	<b>142914</b>	<b>109847</b>
<b>APPLICATION OF FUNDS</b>		
Investments	4672	4672
Loans		402
Fixed Assets	12094	5616
<b>CURRENT ASSETS</b>		
<i>Cash &amp; Bank Balance</i>	278382	248671
<i>Advances and Other Assets</i>	10406	10171
<b>Sub-Total (A)</b>	<b>288788</b>	<b>258842</b>
<b>CURRENT LIABILITIES</b>	<b>115880</b>	<b>116470</b>
<i>Provisions</i>	48540	45121
<b>Sub-Total (B)</b>	<b>164420</b>	<b>161591</b>
<b>Net Current Assets (C)= (A-B)</b>	<b>124368</b>	<b>97251</b>
Deferred Tax Assets	1780	1906
Misc. Expenditure <i>(to the extent not written off or adjusted)</i>		
Profit & Loss Account (Debit Balance)		
<b>TOTAL</b>	<b>142914</b>	<b>109847</b>

**POLICY HOLDERS ACCOUNT : AGRICULTURE INSURANCE  
COMPANY OF INDIA LTD (AIC)\***

(Rs. Lakh)

PARTICULARS	2006-07	2005-06
Premiums earned ( <i>Net</i> )	55876	55092
Profit/ Loss on sale/redemption of Investments	4	-
Others		
Interest, Dividend & Rent – Gross	6661	4711
<b>TOTAL (A)</b>	<b>62541</b>	<b>59803</b>
Claims Incurred ( <i>Net</i> )	55075	51873
Commission	(0)	(24)
Operating Expenses related to Insurance Business	1023	1217
Others- Amortizations, Write offs & Provisions	211	169
Foreign Taxes		
<b>TOTAL (B)</b>	<b>56309</b>	<b>53236</b>
<b>Operating Profit/(Loss) from Fire/ Marine/Miscellaneous Business C= (A - B)</b>	<b>6232</b>	<b>6567</b>
<b>APPROPRIATIONS</b>		
Transfer to Shareholders' Account	6232	6567
Transfer to Catastrophe Reserve		
Transfer to Other Reserves		
<b>TOTAL (C)</b>	<b>6232</b>	<b>6567</b>

Note : 1. Figures in brackets indicate negative values

2. For recognition of premium, the period is considered as June-May

3. \* Accounts as approved by Board and pending CAG audit.



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

(Rs. Lakh)

PARTICULARS	2006-07	2005-06
<b>OPERATING PROFIT/(LOSS)</b>		
(a) Fire Insurance		
(b) Marine Insurance		
(c) Miscellaneous Insurance	6232	6567
	<b>6232</b>	<b>6567</b>
<b>INCOME FROM INVESTMENTS</b>		
(a) Interest, Dividend & Rent – Gross	2849	2020
(b) Profit on sale of investments	2	150
Less: Loss on sale of investments		
	<b>44</b>	<b>56</b>
<b>TOTAL (A)</b>	<b>9127</b>	<b>8793</b>
<b>PROVISIONS (Other than taxation)</b>		
(a) For diminution in the value of investments		
(b) For doubtful debts	19	-
(c) Others	490	73
<b>OTHER EXPENSES</b>		
(a) Expenses other than those related to Insurance Business	4	91
(b) Bad debts written off		
(c) Others	91	358
<b>TOTAL (B)</b>	<b>604</b>	<b>522</b>
Profit Before Tax	8523	8271
Provision for Taxation	3625	3091
Profit after Tax	4898	5181
<b>APPROPRIATIONS</b>		
(a) Interim dividends paid during the year		
(b) Proposed final dividend		
(c) Dividend distribution tax		
(d) Transfer to any Reserves or Other Accounts		
Transfer to General Reserve	4898	5181
Balance of Profit / Loss B/f from last year		
<b>Balance C/f to Balance Sheet</b>		

Note : Figures in brackets indicate negative values

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

(Rs. Lakh)

SOURCES OF FUNDS	2007	2006
Share Capital	20000	19909
Reserves & Surplus	18540	13642
Fair Value Change Account	243	167
Borrowings		
<b>TOTAL</b>	<b>38783</b>	<b>33718</b>
<b>APPLICATION OF FUNDS</b>		
Investments	69308	61813
Loans	146	34
Fixed Assets	475	459
Deferred Tax Assets		
<b>CURRENT ASSETS</b>		
<i>Cash &amp; Bank Balance</i>	74537	81252
<i>Advances and Other Assets</i>	15957	13882
<b>Sub-Total (A)</b>	<b>90494</b>	<b>95135</b>
<b>CURRENT LIABILITIES</b>	<b>91997</b>	<b>95080</b>
<i>Provisions</i>	<b>29642</b>	28643
<b>Sub-Total (B)</b>	<b>121639</b>	<b>123723</b>
<b>Net Current Assets (C)= (A-B)</b>	<b>(31145)</b>	<b>(28588)</b>
Misc. Expenditure <i>(to the extent not written off or adjusted)</i>		
Profit & Loss Account (Debit Balance)		
<b>TOTAL</b>	<b>38783</b>	<b>33718</b>

Note : Figures in brackets indicate negative values

**NET RETENTIONS OF THE NON-LIFE INDIAN MARKET  
(INCL GIC) – 2006-07**

(Per Cent)

---

<b>Department</b>	<b>Net Retentions</b>
Fire	65.72%
Marine Cargo	77.10%
Marine Hull	18.30%
Miscellaneous	89.63%
Engineering	72.89%
Motor	96.15%
Aviation	21.93%
<b>Total</b>	<b>83.41%</b>

---

## GROSS DIRECT PREMIUM INCOME IN INDIA

(Rs. Lakh)

Company	Fire		Marine		Motor		Health		Others		TOTAL	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
NATIONAL	49252	48394	20489	17343	198658	184641	47957	41402	65085	60587	381442	352367
NEW INDIA	90998	83963	32102	29978	203473	217450	76529	59157	98618	88601	501720	479150
ORIENTAL	54007	54689	34783	32511	173939	149536	44854	35972	85269	80003	392852	352711
UNITED	66434	64548	26395	20397	123318	113816	46525	35926	87204	80791	349877	315478
<b>Sub-Total</b>	<b>260691</b>	<b>251594</b>	<b>113769</b>	<b>100229</b>	<b>699388</b>	<b>665444</b>	<b>215865</b>	<b>172456</b>	<b>336177</b>	<b>309982</b>	<b>1625890</b>	<b>1499706</b>
ROYAL SUNDARAM	9839	9174	1844	1829	30339	23309	9612	5055	8185	6496	59820	45864
RELIANCE	14588	4776	1785	1074	45551	2652	6718	861	22581	6871	91223	16233
IFFCO-TOKIO	29102	26329	12826	4613	44890	37808	7189	5184	20440	15338	114447	89272
TATAAIG	13695	11627	7015	4788	27309	23982	4408	3719	18629	13153	71055	57270
ICICI LOMBARD	39383	30847	15524	8571	114255	45444	66497	22465	63248	50959	298907	158286
BAJAJ ALLIANZ	37031	35140	7125	5433	84387	53661	15826	9769	34266	23226	178634	127229
CHOLAMANDALAM	7798	7283	2656	1700	9716	5235	3860	2111	7143	5689	31173	22018
HDFC CHUBB	1110	681	241	172	13832	15803	1027	455	3190	2983	19400	20094
<b>Sub-Total</b>	<b>152547</b>	<b>125859</b>	<b>49015</b>	<b>28180</b>	<b>370278</b>	<b>207894</b>	<b>115136</b>	<b>49619</b>	<b>177681</b>	<b>124715</b>	<b>864657</b>	<b>536266</b>
<b>Grand Total</b>	<b>413238</b>	<b>377453</b>	<b>162784</b>	<b>128409</b>	<b>1069666</b>	<b>873338</b>	<b>331001</b>	<b>222075</b>	<b>513858</b>	<b>434697</b>	<b>2490547</b>	<b>2035972</b>

## NET PREMIUM INCOME (Earned)

(Rs. Lakh)

Company	Fire		Marine		Motor		Health		Others		TOTAL	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
NATIONAL	33836	35727	10235	11876	153428	154546	35756	31808	43501	42361	276757	276317
NEW INDIA	94184	83088	16438	16860	198559	187407	30612	33536	113719	91208	453511	412099
ORIENTAL	34153	33763	15944	13632	132846	116683	32371	25408	53763	46098	269077	235584
UNITED	41867	40808	10531	10656	94441	90437	32981	26127	57504	51405	237324	219433
<b>Sub-Total</b>	<b>204040</b>	<b>193386</b>	<b>53148</b>	<b>53024</b>	<b>579274</b>	<b>549072</b>	<b>131720</b>	<b>116879</b>	<b>268487</b>	<b>231073</b>	<b>1236669</b>	<b>1143433</b>
ROYAL SUNDARAM	2920	2340	823	1101	20673	15672	5487	2844	3454	2987	33358	24944
RELIANCE	2394	1357	621	427	14918	1791	3017	747	3476	1075	24426	5397
IFFCO TOKIO	5481	4368	3035	1928	34613	20505	4656	3037	6975	4761	54760	34598
TATAAIG	1489	1085	3099	2484	22888	17073	2974	2732	7714	5182	38165	28556
ICICI LOMBARD	6982	3480	1224	1164	55105	22253	30593	13873	12761	11999	106665	52768
BAJAJ ALLIANZ	9382	7399	2674	2196	49254	33623	10639	7089	11904	8330	83853	58637
CHOLAMANDALAM	3180	1444	709	546	5195	4208	884	1103	2760	1537	12728	8840
HDFC CHUBB	157	158	96	50	11830	11988	500	301	1445	1338	14029	13835
<b>Sub-Total</b>	<b>31986</b>	<b>21632</b>	<b>12280</b>	<b>9896</b>	<b>214476</b>	<b>127112</b>	<b>58751</b>	<b>31726</b>	<b>50490</b>	<b>37209</b>	<b>367983</b>	<b>227575</b>
<b>Grand Total</b>	<b>236027</b>	<b>215018</b>	<b>65428</b>	<b>62920</b>	<b>793750</b>	<b>676184</b>	<b>190470</b>	<b>148605</b>	<b>318977</b>	<b>268282</b>	<b>1604652</b>	<b>1371009</b>

## UNDERWRITING EXPERIENCE AND PROFITS OF PUBLIC SECTOR COMPANIES

(Rs.lakh)

	NEW INDIA		ORIENTAL		NATIONAL		UNITED		TOTAL	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
1. NET PREMIUM	475177	434265	287973	250047	285536	268300	252953	222585	1301640	1175197
2. Incurred Claims (Net)	364361	363201	235886	206474	239422	283033	214206	204277	1053875	1056985
	76.68%	83.64%	81.91%	82.57%	83.85%	105.49%	84.68%	91.78%	80.97%	89.94%
3. COMMISSION, EXPENSES OF MANAGEMENT	154348	168317	85385	95416	91952	102316	96222	104063	427906	470113
	32.48%	38.76%	29.65%	38.16%	32.20%	38.14%	38.04%	46.75%	32.87%	40.00%
4. INCREASE IN RESERVE FOR UNEXPIRED RISK	21666	22166	18897	14463	8780	(8017)	15629	3152	64971	31763
	4.56%	5.10%	6.56%	5.78%	3.07%	-2.99%	6.18%	1.42%	4.99%	2.70%
5. UNDERWRITING PROFIT/LOSS (1-2-3-4)	(65198)	(119419)	(52194)	(66306)	(54617)	(109032)	(73104)	(89907)	(245112)	(383664)
	-14.38%	-28.98%	-19.40%	-28.15%	-19.73%	-41.89%	-30.80%	-40.52%	-19.82%	-33.55%
6. GROSS INVESTMENT INCOME	225507	208294	116010	111751	105480	100976	131426	140042	578423	561063
7. OTHER INCOME LESS OTHER OUTGO	1084	(3318)	(853)	(12026)	(5280)	2092	(6288)	(5860)	(11337)	(19112)
8. PROFIT BEFORE TAX (5 + 6 + 7)	161393	85557	62964	33419	45583	(5964)	52034	45274	321974	158286
9. INCOME TAX DEDUCTED AT SOURCE AND PROVISION FOR TAX	15398	13919	13236.91	5027	3455	4661	(852)	2751	31238	26358
<b>10. NET PROFIT AFTER TAX (8 - 9)</b>	<b>145995</b>	<b>71638</b>	<b>49727</b>	<b>28392</b>	<b>42128</b>	<b>(10625)</b>	<b>52886</b>	<b>42523</b>	<b>290736</b>	<b>131928</b>

Note: Figures in brackets indicates negative amounts

## UNDERWRITING EXPERIENCE AND PROFITS OF PRIVATE SECTOR COMPANIES

(Rs.lakh)

	ROYAL SUNDARAM	BAJAJ ALLIANZ	TATA AIG	RELIANCE	IFFCO-TOKIO	ICICI- LOMBARD	CHOLAMANDALAM	HDFC CHUBB	TOTAL									
	2005-06	2005-06	2005-06	2005-06	2005-06	2005-06	2005-06	2005-06	2005-06									
1. NET PREMIUM	38955	103976	69869	41582	33677	50431	5554	58057	47830	145077	73387	15926	9856	13311	14365	467316	284226	
2. CLAIMS INCURRED (NET)	20374	16166	55563	40999	20711	16015	17318	3444	39859	24407	81384	38925	7077	6893	8003	7973	250289	154822
	52.30%	54.45%	53.44%	58.68%	49.81%	47.56%	34.34%	62.01%	68.66%	51.03%	56.10%	53.04%	44.43%	69.94%	60.12%	55.50%	53.56%	54.47%
3. COMMISSION, EXPENSES OF MANAGEMENT	13543	9862	26676	15341	18122	12593	10169	1350	16287	11250	30826	17255	5834	3541	6879	6547	128337	77740
	34.77%	33.22%	25.66%	21.96%	43.58%	37.39%	20.16%	24.31%	28.05%	23.52%	21.25%	23.51%	36.63%	35.93%	51.68%	45.58%	27.46%	27.35%
4. INCREASE IN RESERVE FOR UNEXPIRED RISK	5597	4745	20123	11232	3418	5121	26006	157	3297	13232	38413	20619	3198	1016	(718)	530	99333	56651
	14.37%	15.98%	19.35%	16.08%	8.22%	15.20%	51.57%	2.82%	5.66%	27.67%	26.48%	28.10%	20.08%	10.31%	-5.39%	3.69%	21.26%	19.93%
5. UNDERWRITING PROFIT/LOSS(1-2-3-4)	(559)	(1084)	1615	2297	(669)	(52)	(3062)	603	(1387)	(1059)	(5545)	(3412)	(183)	(1594)	(853)	(685)	(10642)	(4987)
	-1.67%	-4.35%	1.93%	3.92%	-1.75%	-0.18%	-12.53%	11.17%	-2.53%	-3.06%	-5.20%	-6.47%	-1.43%	-18.04%	-6.77%	-4.95%	-2.89%	-2.19%
6. GROSS INVESTMENT INCOME	3287	2109	8890	5204	3797	3012	3195	1503	5708	3583	13590	8892	1574	1300	1463	1344	41504	26947
7. OTHER INCOME LESS OTHER OUTGO	(11)	(10)	1198	682	177	(273)	91	1	(76)	(115)	(32.74)	(27)	(12)	44	(359)	(179)	975	123
8. PROFIT BEFORE TAX (5+6+7)	2718	1015	11703	8183	3305	2687	224	2107	4246	2410	8012	5453	1379	(250)	250	480	31837	22083
9. INCOME TAX DEDUCTED AT SOURCE AND PROVISION FOR TAX	600	151	4166	3026	1148	1326	61	671	1533	948	1176	422	130	62	50	39	8863	6645
10. NET PROFIT AFTER TAX (8-9)	2119	864	7537	5157	2157	1361	163	1436	2713	1462	6836	5031	1249	(312)	200	441	22974	15438

Note: Figures in Brackets indicates negative amounts



## INCURRED CLAIMS RATIO-PUBLIC SECTOR

PARTICULARS	Net Earned Premium					Claims Incurred (Net)					Incurred Claims Ratio										
	(Rs. Lakh)					(Rs. Lakh)					(Per cent)										
	Fire	Marine	Motor	Health	Others	2006-07	2005-06	Fire	Marine	Motor	Health	Others	2006-07	2005-06	Fire	Marine	Motor	Health	Others	2006-07	2005-06
NEW INDIA	94184	16438	198559	30612	113719	453511	412099	56006	6230	180653	65146	56327	364361	363201	59.46	37.90	90.98	212.81	49.53	80.34	88.13
ORIENTAL	34153	15944	132846	32371	53763	269077	235584	15939	15584	130377	42895	31091	235886	206474	46.67	97.75	98.14	132.51	57.83	87.66	87.64
NATIONAL	33836	10235	153428	35756	43501	276757	276317	20645	10085	133293	47010	28390	239422	283033	61.01	98.53	86.88	131.47	65.26	86.51	102.43
UNITED	41867	10531	94441	32981	57504	237324	219433	31486	10886	90049	52787	28998	214206	204277	75.21	103.36	95.35	160.05	50.43	90.26	93.09
<b>TOTAL</b>	<b>204040</b>	<b>53148</b>	<b>579274</b>	<b>131720</b>	<b>268487</b>	<b>1236669</b>	<b>1143433</b>	<b>124076</b>	<b>42785</b>	<b>534371</b>	<b>207837</b>	<b>144806</b>	<b>1053875</b>	<b>1056985</b>	<b>60.81</b>	<b>80.50</b>	<b>92.25</b>	<b>157.79</b>	<b>53.93</b>	<b>85.22</b>	<b>92.44</b>

## INCURRED CLAIMS RATIO-PRIVATE SECTOR

PARTICULARS	Net Earned Premium				Claims Incurred (Net)				Incurred Claims Ratio												
	Fire	Marine	Motor	Health	Others	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	Health	Motor	Others	2005-06	2006-07					
	(Rs.Lakh)				(Rs.Lakh)				(Per cent)												
ROYAL SUNDARAM	2920	823	20673	5487	3454	33358	24944	542	619	15280	2578	1355	20374	16166	18.54	75.14	73.91	46.99	39.23	61.08	64.81
BAJAJ ALLIANZ	9382	2674	49254	10639	11904	83853	58637	5009	3727	33010	8367	5451	55563	40999	53.39	139.37	67.02	78.64	45.79	66.26	69.92
TATA AIG	1489	3099	22888	2974	7714	38165	28556	635	2552	13695	1835	1994	20711	16015	42.62	82.35	59.83	61.69	25.85	54.27	56.08
RELIANCE	2394	621	14918	3017	3476	24426	5397	1786	581	9149	3410	2392	17318	3444	74.62	93.63	61.33	113.01	68.82	70.90	63.80
IFFCO TOKIO	5481	3035	34613	4656	6975	54760	34598	2592	4222	22395	7119	3531	39859	24407	47.29	139.13	64.70	152.89	50.62	72.79	70.54
ICICI LOMBARD	6982	1224	55105	30593	12761	106665	52768	2474	1156	33463	36313	7979	81384	38925	35.43	94.46	60.73	118.70	62.52	76.30	73.77
CHOLAMANDALAM	3180	709	5195	884	2760	12728	8840	894	892	3883	703	705	7077	6893	28.10	125.78	74.75	79.51	25.56	55.60	77.98
HDFC CHUBB	157	96	11830	500	1445	14029	13835	118	75	6395	436	379	8003	7973	74.85	78.44	59.13	87.10	26.26	57.05	57.63
<b>TOTAL</b>	<b>31986</b>	<b>12280</b>	<b>214476</b>	<b>58751</b>	<b>50490</b>	<b>367983</b>	<b>227575</b>	<b>14048</b>	<b>13824</b>	<b>137869</b>	<b>60761</b>	<b>23787</b>	<b>250289</b>	<b>154822</b>	<b>43.92</b>	<b>112.57</b>	<b>64.28</b>	<b>103.42</b>	<b>47.11</b>	<b>68.02</b>	<b>68.03</b>

## EQUITY SHARE CAPITAL OF INSURANCE COMPANIES

(Rs. Crore)

Name of the insurer	2005-06	2006-07	Foreign Promoter	Indian Promoter	FDI(%)
<b>Life Insurers</b>					
HDFC Standard Life Insurance Co. Ltd.	620.00	801.26	126.78	674.48	15.82%
ICICI-Prudential Life Insurance Co. Ltd.	1185.00	1312.30	340.57	971.73	25.95%
Max New York Life Insurance Co. Ltd.	557.43	732.43	190.43	542.00	26.00%
Kotak Mahindra Old Mutual Life Insurance Co. Ltd.	244.58	330.35	85.89	244.46	26.00%
Birla Sun Life Insurance Co. Ltd.	460.00	671.50	174.59	496.91	26.00%
TATA-AIG Life Insurance Co. Ltd.	447.00	547.00	142.22	404.78	26.00%
SBI Life Insurance Co. Ltd.	425.00	500.00	130.00	370.00	26.00%
ING Vysya Life Insurance Co. Ltd.	490.00	690.00	179.40	510.60	26.00%
Metlife India Insurance Co. Pvt. Ltd.	235.00	530.00	137.80	392.20	26.00%
Bajaj Allianz Life Insurance Co. Ltd.	150.23	150.37	39.10	111.27	26.00%
Reliance Life (formerly AMP Sanmar)	331.00	664.00	-	664.00	0.00%
AVIVA India Life Insurance Co. Pvt. Ltd.	458.70	758.20	197.13	561.07	26.00%
Sahara India Life Insurance Co. Ltd.	157.00	157.00	-	157.00	0.00%
Shriram Life Insurance Co.Ltd.	125.00	125.00	32.50	92.50	26.00%
Bharti AXA Life Insurance Co.Ltd. \$	1.10	150.00	33.33	116.67	22.22%
<b>Sub Total (Private Sector)</b>	<b>5887.05</b>	<b>8119.41</b>	<b>1809.75</b>	<b>6309.66</b>	<b>22.29%</b>
Life Insurance Corporation of India	5.00	5.00	-	5.00	
<b>Total (Life)</b>	<b>5892.05</b>	<b>8124.41</b>	<b>1809.75</b>	<b>6314.66</b>	<b>22.28%</b>
<b>Non life insurers</b>					
Royal Sundaram Alliance Insurance Co. Ltd.	140.00	140.00	36.40	103.60	26.00%
Reliance General Insurance Co. Ltd.	102.00	103.07	-	103.07	0.00%
Bajaj Allianz General Insurance Co.	110.05	110.13	28.63	81.50	26.00%
IFFCO-TOKIO General Insurance Co.	220.00	220.00	57.20	162.80	26.00%
TATA AIG General Insurance Co. Ltd.	195.00	225.00	58.50	166.50	26.00%
ICICI Lombard General Insurance Co.	245.00	335.71	87.10	248.61	25.95%
HDFC General Insurance Co.	125.00	125.00	32.50	92.50	26.00%
Cholamandalam MS General Insurance Co. Ltd.	141.96	141.96	36.91	105.05	26.00%
<b>Sub Total (Private Sector)</b>	<b>1279.01</b>	<b>1400.87</b>	<b>337.24</b>	<b>1063.63</b>	<b>24.07%</b>
United India Insurance Co. Ltd.	100.00	150.00	-	150.00	
The New India Assurance Co. Ltd.	200.00	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	
<b>Sub Total (Public Sector)</b>	<b>500.00</b>	<b>550.00</b>	<b>-</b>	<b>550.00</b>	
<b>Total (Non Life)</b>	<b>1779.01</b>	<b>1950.87</b>	<b>337.24</b>	<b>1613.63</b>	<b>17.29%</b>
<b>Export Credit Guarantee Corporation.</b>	<b>700.00</b>	<b>800.00</b>	<b>-</b>	<b>800.00</b>	
<b>Agriculture Insurance Company of India.</b>	<b>200.00</b>	<b>200.00</b>	<b>-</b>	<b>200.00</b>	
<b>Star Health &amp; Allied Insurance Co.Ltd.</b>	<b>105.00</b>	<b>105.00</b>	<b>27.28</b>	<b>77.72</b>	<b>25.98%</b>
<b>General Insurance Corporation of India</b>	<b>430.00</b>	<b>430.00</b>	<b>-</b>	<b>430.00</b>	
<b>GRAND TOTAL</b>	<b>9106.06</b>	<b>11610.28</b>	<b>2174.28</b>	<b>9436.00</b>	<b>18.73%</b>

Note : \$ Granted registration in 2006-07

## FEE STRUCTURE FOR INSURERS AND VARIOUS INTERMEDIARIES

Sl. No.	Insurers / 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. 20,000	A sum calculated at the rate of 0.50 per cent of remuneration 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. 25,000	A sum calculated at the rate of 0.50 per cent of remuneration 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. 40,000	A sum calculated at the rate of 0.50 per cent of remuneration 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	PENSION AND GENERAL ANNUITY FUND						TOTAL (PENSION FUND)	
	CG - SEC		SG & OAS INCL. CG - SEC		INVESTMENT SUBJECT TO EXPOSURE NORMS		2007	2006
<b>PUBLIC SECTOR</b>	2007	2006	2007	2006	2007	2006	2007	2006
LIC (A)	18711.51	18987.86	28590.93	28881.26	6471.35	7276.38	35062.29	36157.64
							0.00	
<b>PRIVATE SECTOR</b>								
HDFC STD LIFE	161.26	215.39	207.21	215.39	179.61	52.24	386.82	267.63
MNYL	19.76	14.79	19.76	14.79	2.27	1.06	22.03	15.85
ICICI PRU	286.44	184.53	286.44	184.53	253.29	60.02	539.73	244.55
BSLI	0.09	0.15	0.09	0.15	0.01	0.00	0.10	0.16
TATAAIG	83.61	72.93	83.61	72.93	47.22	23.69	130.83	96.62
KOTAK LIFE	11.10	9.12	13.10	11.12	12.10	9.56	25.20	20.68
SBI LIFE	239.99	90.86	328.27	117.26	434.20	160.49	762.47	277.75
BAJAJ ALLIANZ	25.06	18.12	25.71	18.12	3.50	0.00	29.21	18.12
METLIFE	0.35	0.36	0.35	0.36	0.08	0.08	0.43	0.44
RELIANCE LIFE \$	0.00	50.38	0.00	50.38	0.00	39.21	0.00	89.58
ING VVSYA	43.18	37.85	47.24	37.85	56.76	37.11	104.01	74.96
AMVA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SAHARA LIFE	0.32	0.32	0.37	0.32	0.08	0.00	0.45	0.32
SHRIRAM LIFE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BHARATHIAXA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL (B)</b>	<b>871.16</b>	<b>694.79</b>	<b>1012.17</b>	<b>723.18</b>	<b>989.11</b>	<b>383.46</b>	<b>2001.28</b>	<b>1106.65</b>
<b>TOTAL (A+B)</b>	<b>19582.67</b>	<b>19682.65</b>	<b>29603.10</b>	<b>29604.44</b>	<b>7460.47</b>	<b>7659.84</b>	<b>37063.57</b>	<b>37264.29</b>

Contd...

## FUND WISE PATTERN OF INVESTMENTS OF LIFE INSURERS (AS ON 31ST MARCH)

(Rs. Crore)

## GROUP EXCLUDING GROUP PENSION AND ANNUITY FUND

INSURER	CG - SEC		SG & OAS INCL. CG - SEC		INVESTMENT SUBJECT TO EXPOSURE NORMS		TOTAL (GROUP FUND)	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>PUBLIC SECTOR</b>								
LIC (A)	21807.89	16665.46	26222.84	21231.45	8223.14	5506.08	34445.98	26737.53
<b>PRIVATE SECTOR</b>								
HDFC STD LIFE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MNYL	3.74	3.76	3.74	3.76	2.40	1.16	6.14	4.92
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
TATAAIG	0.00	40.69	0.00	40.69	0.00	0.00	0.00	40.69
KOTAK LIFE	9.40	3.52	11.44	3.52	5.42	0.48	16.86	4.00
SBI LIFE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BAJAJ ALLIANZ	15.67	8.00	21.50	8.00	2.05	5.82	23.55	13.82
METLIFE	11.84	5.76	11.84	5.76	0.53	0.53	12.37	6.29
RELIANCE LIFE \$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ING VVSYA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AVVA	3.05	0.76	3.05	1.54	2.38	0.77	5.44	2.32
SAHARA LIFE	0.24	0.06	0.77	0.06	0.00	0.00	0.77	0.06
SHRIRAM LIFE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BHARATHIAXA	0.02	0.00	0.02	0.00	0.00	0.00	0.02	0.00
<b>TOTAL (B)</b>	<b>43.96</b>	<b>62.55</b>	<b>52.37</b>	<b>63.33</b>	<b>12.79</b>	<b>8.77</b>	<b>65.16</b>	<b>72.09</b>
<b>TOTAL (A+B)</b>	<b>21851.85</b>	<b>16728.01</b>	<b>26275.21</b>	<b>21294.78</b>	<b>8235.93</b>	<b>5514.85</b>	<b>34511.13</b>	<b>26809.62</b>

Contd...



## FUND WISE PATTERN OF INVESTMENTS OF LIFE INSURERS (AS ON 31ST MARCH)

(Rs. Crore)

INSURER	UNIT LINKED FUND						TOTAL	
	APPROVED INVESTMENTS		OTAI		TOTAL (UNIT LINKED FUND)		TOTAL (ALL FUNDS)	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>PUBLIC SECTOR</b>								
LIC (A)	30186.83	10269.86	6065.41	1158.59	36252.24	11428.45	559200.56	463771.14
<b>PRIVATE SECTOR</b>								
HDFC STD LIFE	2926.48	1396.26	278.65	21.86	3205.13	1418.13	4975.68	2596.29
MNYL	535.83	142.33	113.77	28.85	649.60	171.18	1839.92	885.85
ICICI PRU	10804.91	5270.23	1121.56	656.63	11926.47	5926.86	14298.73	7485.50
BSLI	3186.23	1862.92	191.70	235.13	3377.93	2098.05	3751.57	2350.85
TATAAIG	703.17	325.79	148.61	34.95	851.78	360.74	2136.52	1222.35
KOTAK LIFE	1221.00	750.35	75.80	10.26	1296.80	760.61	1784.88	1123.82
SBI LIFE	1320.91	193.27	324.84	18.06	1645.75	211.33	4515.70	2034.98
BAJAJ ALLIANZ	4004.78	2325.67	765.82	243.65	4770.60	2569.32	6331.18	3324.36
METLIFE	241.48	50.52	53.36	0.00	294.84	50.52	759.54	265.92
RELIANCE LIFE \$	799.70	93.25	117.11	6.09	916.81	99.34	1204.84	352.90
ING VVSYA	459.93	214.12	96.89	31.56	556.82	245.68	1256.03	692.36
AVIVA	1073.12	490.87	104.09	41.27	1177.21	532.15	1575.06	752.76
SAHARA LIFE	35.80	15.57	2.73	0.21	38.53	15.79	198.53	161.86
SHRIRAM LIFE	83.39	0.00	1.39	0.00	84.78	0.00	230.31	129.75
BHARATHIAXA	3.68	0.00	0.83	0.00	4.50	0.00	120.75	0.00
<b>TOTAL (B)</b>	<b>27400.41</b>	<b>13131.15</b>	<b>3397.15</b>	<b>1328.53</b>	<b>30797.56</b>	<b>14459.68</b>	<b>44979.24</b>	<b>23379.55</b>
<b>TOTAL (A+B)</b>	<b>57587.24</b>	<b>23401.01</b>	<b>9462.56</b>	<b>2487.12</b>	<b>67049.80</b>	<b>25888.13</b>	<b>604179.80</b>	<b>487150.69</b>

## PATTERN OF INVESTMENTS OF NON- LIFE INSURERS (AS ON 31ST MARCH 2007)

(Rs.Crore)

NAME OF THE INSURER	C.G. SEC		SG & OAS (INCL. C.G. SEC)		LOANS TO HOUSING & FFE		INFRASTRUCTURE E & SOCIAL SECTOR		INVESTMENT SUBJECT TO EXPOSURE NORMS (INCL. OTA)		OTHER THAN APPROVED INVESTMENTS (OTAI)		TOTAL INVESTMENTS		
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
GIC	2996.84	2788.83	4467.47	3973.30	1046.63	1011.85	1514.88	1275.16	7320.71	6269.50	1583.72	14349.68	12529.81		
NEW INDIA	3349.40	2825.93	4819.62	4165.65	906.26	616.78	1279.13	1206.33	4004.34	3414.77	611.31	11009.35	9403.53		
NATIONAL	1399.82	1345.88	1983.17	1942.02	524.05	486.32	836.83	719.87	2035.99	1536.89	401.62	5380.04	4685.10		
UNITED	1653.16	1653.75	2790.64	2855.58	433.89	391.94	730.03	684.55	3336.92	2720.33	806.98	7291.49	6652.41		
ORIENTAL	1928.93	1692.39	2545.53	2213.95	279.97	279.95	689.70	527.16	2625.00	2227.62	413.48	6140.19	5248.68		
<b>PUBLIC SECTOR (A)</b>	<b>11328.16</b>	<b>10306.79</b>	<b>16606.43</b>	<b>15150.50</b>	<b>3190.80</b>	<b>2786.84</b>	<b>5050.57</b>	<b>4413.07</b>	<b>19322.96</b>	<b>16169.11</b>	<b>3685.23</b>	<b>44170.75</b>	<b>38519.52</b>		
RELIANCE	190.69	74.51	200.79	74.51	54.07	15.36	96.06	30.49	282.22	98.98	53.31	633.15	219.34		
ROYAL SUNDARAM	134.22	132.32	174.04	147.40	59.64	44.74	129.92	110.40	138.68	78.63	5.17	502.29	381.16		
IFFCO TOKYO	284.56	245.11	284.56	245.11	73.85	40.50	114.90	76.93	259.66	244.71	0.00	732.97	607.25		
TATAAIG GENERAL	314.22	198.27	314.22	238.03	37.02	40.71	74.16	59.81	102.93	94.48	8.83	528.34	433.04		
BAJAJ ALLIANZ	374.69	294.35	439.14	294.35	97.17	73.75	160.97	87.33	721.92	341.83	39.96	1419.20	797.26		
ICICI LOMBARD	374.77	210.34	617.42	381.59	164.13	64.15	400.14	135.52	688.42	377.33	68.02	1870.10	958.58		
STAR HEALTH	31.49		31.49		24.80		9.84		27.38		0.00	93.51			
CHOLAMANDALAM	131.25	133.27	131.25	133.27	25.54	25.59	40.47	40.67	57.11	16.44	9.51	254.37	215.98		
HDFC GENERAL	67.53	75.42	67.53	75.42	15.04	15.24	25.30	25.73	70.27	70.43	14.26	178.14	186.82		
<b>PRIVATE SECTOR (B)</b>	<b>1903.42</b>	<b>1363.58</b>	<b>2260.44</b>	<b>1589.67</b>	<b>551.27</b>	<b>320.05</b>	<b>1051.76</b>	<b>566.88</b>	<b>2348.59</b>	<b>1322.82</b>	<b>199.07</b>	<b>6212.06</b>	<b>3799.43</b>		
<b>TOTAL (A+B)</b>	<b>13231.57</b>	<b>11670.37</b>	<b>18866.87</b>	<b>16740.17</b>	<b>3742.06</b>	<b>3106.88</b>	<b>6102.33</b>	<b>4979.95</b>	<b>21671.55</b>	<b>17491.93</b>	<b>3884.30</b>	<b>50382.81</b>	<b>42318.95</b>		

Note: 1. Investments of Agricultural Insurance Corporation of India, ECGC and CHNHB Association have not been included

2. The figures filed by National Insurance Company are based on Provisional Returns

3. CG-SEC - Central Government Securities

4. OAS - Other Approved Securities

5. SG - State Government Securities

6. FEE - Fire Fighting Equipment

**STATUS OF GRIEVANCES - LIFE INSURERS (2006-07)**

Sl. No.	Insurer	Reported during the year	Resolved during the year	Pending as on 31st March, 2007
1	AVIVA	43	33	10
2	BAJAJ ALLIANZ	145	125	20
3	BSLI	29	27	2
4	HDFC STD LIFE	31	30	1
5	ICICI PRU	84	71	13
6	ING VVSYA	12	9	3
7	KOTAK LIFE	23	17	6
8	LIC	354	157	197
9	MNYL	22	15	7
10	MET LIFE	6	3	3
11	RELIANCE LIFE	10	4	6
12	SAHARA LIFE	1	1	0
13	SBI LIFE	68	45	23
14	SHRIRAM LIFE	1	1	0
15	TATAAIG	32	24	8
	<b>TOTAL</b>	<b>861</b>	<b>562</b>	<b>299</b>

## STATUS OF GRIEVANCES – NON-LIFE INSURERS (2006-07)

SI.NO	INSURER	AS ON MARCH, 06	REPORTED DURING THE YEAR	RESOLVED DURING THE YEAR	AS ON MARCH, 07	BREAK UP ACCORDING TO NATURE OF GRIEVANCE*			
						(i)	(ii)	(iii)	(iv)
1	ORIENTAL	38	164	181	21	10	8	0	3
2	NEW INDIA	148	336	295	189	69	78	38	4
3	UNITED	196	286	347	135	36	67	23	9
4	NATIONAL	168	322	318	172	39	99	26	8
5	ECGC	0	1	1	0	0	0	0	0
6	BAJAJ ALLIANZ	2	75	72	5	0	2	1	2
7	TATA AIG	9	85	60	34	30	2	2	0
8	ROYAL SUNDARAM	0	54	45	9	2	3	4	0
9	IFFCO TOKIO	0	28	20	8	1	5	1	1
10	RELIANCE	0	13	6	7	3	3	0	1
11	CHOLAMANDALAM	0	13	10	3	2	1	0	0
12	ICICI LOMBARD	4	228	195	37	17	15	4	1
13	HDFC GENERAL	0	13	10	3	2	1	0	0
14	AIC	0	0	0	0	0	0	0	0
	<b>TOTAL</b>	<b>565</b>	<b>1618</b>	<b>1560</b>	<b>623</b>	<b>211</b>	<b>284</b>	<b>99</b>	<b>29</b>

- (i) POLICY RELATED ISSUES
- (ii) NON SETTLEMENT / DELAY IN SETTLEMENT OF CLAIM
- (iii) REPUDIATION / PARTIAL SETTLEMENT OF CLAIM
- (iv) OTHER REASONS

## STATUS OF GRIEVANCES — NON-LIFE INSURERS (HALF YEAR ENDED SEPTEMBER, 2007)

Sl. No.	Insurer	As on 31st March, 2006	Reported during the period	Resolved during the period	As on 30st Sept., 2007	Break up of			
						(i)	(ii)	(iii)	(iv)
1	ORIENTAL	21	128	55	94	46	35	4	9
2	NEW INDIA	189	113	94	208	73	88	42	5
3	UNITED	135	122	36	221	61	108	39	13
4	NATIONAL	172	172	101	243	55	138	38	12
5	EGGC	0	8	5	3	3	0	0	0
6	BAJAJALLIANZ	5	48	39	14	9	2	3	0
7	TATAAIG	34	63	62	35	31	2	2	0
8	ROYAL SUNDARAM	9	34	31	12	3	4	4	1
9	IFFCO TOKIO	8	32	18	22	7	8	6	1
10	RELIANCE	7	38	23	22	8	9	4	1
11	CHOLAMANDALAM	3	9	7	5	2	2	1	0
12	ICICI LOMBARD	37	192	154	75	43	19	10	3
13	HDFC GENERAL	3	7	6	4	3	1	0	0
14	AIC	0	0	0	0	0	0	0	0
	<b>TOTAL</b>	<b>623</b>	<b>966</b>	<b>631</b>	<b>958</b>	<b>344</b>	<b>416</b>	<b>153</b>	<b>45</b>

(i) Policy Related Issues (Non Renewal/Cancellation/Non Insurance/Other Issues Related to Policy)

(ii) Non Settlement / Delay in Settlement of Claim

(iii) Repudiation/Partial Settlement of Claim

(iv) Other Reasons

## THIRD PARTY ADMINISTRATORS - CLAIMS DATA : 2006-07

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.	Family Health Plan Ltd.	431725	309977 (71.80)	64759 (15.00)	Nil	Nil
2.	Paramount Health Services Pvt. Ltd.	351055	302777 (86.25)	7272 (2.07)	163 (0.05)	33 (0.01)
3.	TTK Healthcare Services Limited	241994	217575 (89.91)	23299 (9.63)	5948 (2.46)	2508 (1.04)
4.	Medi Assist India Private Limited	157204	88771 (56.47)	36300 (23.09)	5223 (3.32)	1312 (0.83)
5.	E Meditek Solutions Limited	150102	145724 (97.08)	139071 (92.65)	6653 (4.43)	Nil
6.	Genins India Limited	104704	68111 (65.05)	19838 (18.95)	8557 (8.17)	2585 (2.47)
7.	Raksha TPA Private Limited	88276	73692 (83.48)	10438 (11.82)	4099 (4.64)	47 (0.05)
8.	Medicare TPA Services (I) Pvt. Ltd	65358	52923 (80.97)	8809 (13.48)	755 (1.16)	84 (0.13)
9.	Med Save Health Care Limited	64044	33905 (52.94)	13587 (21.22)	3968 (6.20)	1889 (2.95)
10.	MD India Healthcare Services (P) Ltd.	63067	49098 (77.85)	1248 (1.98)	217 (0.34)	Nil
11.	Vipul Medcrop Private Limited	38123	15736 (41.28)	16268 (42.67)	3423 (8.98)	796 (2.09)
12.	Heritage Health Services	31461	14010 (44.53)	14508 (46.11)	4219 (13.41)	796 (2.53)
13.	Bhaichand Amoluk Ins. Services Pvt. Ltd.	13245	6439 (48.61)	4571 (34.51)	862 (6.51)	80 (0.60)
14.	Alankit Healthcare	11552	8410 (72.80)	2410 (20.86)	276 (2.39)	27 (0.23)
15.	Parekh Health Management	10291	6324 (61.45)	3071 (29.84)	93 (0.90)	Nil
16.	Park Mediclaim Consultants Pvt. Ltd	8805	6617 (75.15)	121 (1.37)	19 (0.22)	39 (0.44)
17.	Good Health Plan Limited	7069	5145 (72.78)	1394 (19.72)	198 (2.80)	88 (1.24)
18.	Universal Medialid Services Limited	1513	1050 (69.40)	310 (20.49)	30 (1.98)	6 (0.40)
19.	Dedicated Healthcare Services (India) Pvt Ltd	597	490 (82.08)	7 (1.17)	Nil	Nil
20.	East West Assist Private Limited	86	15 (17.44)	17 (19.77)	8 (9.30)	1 (1.16)
21.	Anyuta Medinet Healthcare Private limited	23	23 (100.00)	Nil	Nil	Nil
22.	Safeway Mediclaim Services	4	3 (75.00)	Nil	Nil	Nil
23.	Anmol Medicare Limited	Nil	—	—	—	—
24.	Focus Healthcare Pvt. Ltd	Nil	—	—	—	—
25.	Dawn Services Private Limited	Nil	—	—	—	—
26.	Grand Healthcare India Private Limited	Nil	—	—	—	—
<b>TOTAL</b>		<b>1840298</b>	<b>1406815 (76.44)</b>	<b>367298 (19.96)</b>	<b>44711 (2.43)</b>	<b>10291 (0.56)</b>

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

**PERFORMANCE OF OMBUDSMEN AT DIFFERENT CENTRES**  
**Complaints Disposal for the year ending 31st March, 2007 (Life insurance Combined)**

Ombudsman Centre	O/S as on 31.3.2006	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	7	8	9	7	8	9	7	8	9
				Total									Total	Total	Total			
Ahmedabad	23	159	182	-	15	22	-	55	64	156	111	43	2	156	23	3	-	26
Bhopal	4	513	517	-	14	58	-	32	411	515	500	15	-	515	2	-	-	2
Bhubaneshwar	151	189	340	-	40	123	-	-	37	200	92	48	60	200	34	60	46	140
Chandigarh	61	472	533	-	19	373	-	73	22	487	373	114	-	487	44	2	-	46
Chennai	12	682	694	1	45	45	-	55	541	687	676	11	-	687	5	2	-	7
Delhi	147	195	342	4	199	-	-	10	2	215	22	86	107	215	36	72	19	127
Guwahati	34	177	211	103	39	-	-	-	46	188	88	100	-	188	19	4	-	23
Hyderabad	11	556	567	-	16	38	-	74	426	554	546	8	-	554	13	-	-	13
Kochi	6	166	172	-	13	-	-	24	107	144	127	17	-	144	24	4	-	28
Kolkata	64	916	980	20	33	123	101	80	536	893	646	232	15	893	47	40	-	87
Lucknow	29	896	925	-	130	546	-	-	197	873	873	-	-	873	52	-	-	52
Mumbai	46	512	558	2	89	23	12	1	379	506	368	138	-	506	21	30	1	52
<b>TOTAL</b>	<b>588</b>	<b>5433</b>	<b>6021</b>	<b>130</b>	<b>652</b>	<b>1351</b>	<b>113</b>	<b>404</b>	<b>2768</b>	<b>5418</b>	<b>4422</b>	<b>812</b>	<b>184</b>	<b>5418</b>	<b>320</b>	<b>217</b>	<b>66</b>	<b>603</b>

- |                         |                      |
|-------------------------|----------------------|
| 1 Recommendations       | 6 Not Entertainable  |
| 2 Awards                | 7 Within 3 months    |
| 3 Withdrawal/Settlement | 8 3 months to 1 year |
| 4 Non-acceptance        | 9 Above 1 year       |
| 5 Dismissal             |                      |



**PERFORMANCE OF OMBUDSMEN AT DIFFERENT CENTRES**  
**Complaints Disposal for the year ending 31st March, 2007: Non-life Insurance**

Ombudsman Centre	O/S as on 31.3.2006	Received during the year	Total	No. of complaints disposed off by way of									Duration wise					
				Disposal									Outstanding					
				1	2	3	4	5	6	7	8	9	Total	7	8	9	Total	
Ahmedabad	123	367	490	-	126	43	-	187	74	430	171	250	9	430	56	4	-	60
Bhopal	5	130	135	-	11	27	4	25	63	130	130	-	-	130	5	-	-	5
Bhubaneshwar	181	110	291	6	59	5	-	-	17	87	10	21	56	87	25	80	99	204
Chandigarh	126	392	518	-	166	95	-	161	18	440	178	262	-	440	76	2	-	78
Chennai	18	557	575	-	95	37	2	33	396	563	478	85	-	563	12	-	-	12
Delhi	386	347	733	2	155	17	73	125	51	423	33	79	311	423	93	190	27	310
Guwahati	53	169	222	89	65	-	6	-	12	172	45	127	-	172	42	8	-	50
Hyderabad	21	358	379	1	87	51	-	44	161	344	299	45	-	344	35	-	-	35
Kochi	14	218	232	-	44	2	-	52	98	196	154	42	-	196	32	4	-	36
Kolkata	214	835	1049	69	116	79	-	79	486	829	502	268	59	829	90	130	-	220
Lucknow	4	292	296	-	20	212	-	-	63	295	295	-	-	295	1	-	-	1
Mumbai	196	980	1176	41	271	223	72	2	234	843	460	370	13	843	143	190	-	333
<b>TOTAL</b>	<b>1341</b>	<b>4755</b>	<b>6096</b>	<b>208</b>	<b>1215</b>	<b>791</b>	<b>157</b>	<b>708</b>	<b>1673</b>	<b>4752</b>	<b>2755</b>	<b>1549</b>	<b>448</b>	<b>4752</b>	<b>610</b>	<b>608</b>	<b>126</b>	<b>1344</b>

- 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, 2007 (Life & Non-life insurance Combined)**

Ombudsman Centre	O/S as on 31.3.2006	Received during the year	Total	No. of complaints disposed off by way of									Duration wise					
				off by way of									Disposal			Outstanding		
				1	2	3	4	5	6	Total	7	8	9	Total	7	8	9	Total
Ahmedabad	146	526	672	0	141	65	0	242	138	586	282	293	11	586	79	7	0	86
Bhopal	9	642	651	0	25	84	4	57	473	643	628	15	0	643	7	0	0	7
Bhubaneshwar	332	299	631	6	99	128	0	0	54	287	102	69	116	287	59	140	145	344
Chandigarh	187	864	1051	0	185	468	0	234	40	927	551	376	0	927	120	4	0	124
Chennai	30	1239	1269	1	140	82	2	88	937	1250	1154	96	0	1250	17	2	0	19
Delhi	533	542	1075	6	354	17	73	135	53	638	55	165	418	638	129	262	46	437
Guwahati	87	346	433	192	104	0	6	0	58	360	133	227	0	360	61	12	0	73
Hyderabad	32	914	946	1	103	89	0	118	587	898	845	53	0	898	48	0	0	48
Kochi	20	384	404	0	57	2	0	76	205	340	281	59	0	340	56	8	0	64
Kolkata	278	1751	2029	89	149	202	101	159	1022	1722	1148	500	74	1722	137	170	0	307
Lucknow	33	1188	1221	0	150	758	0	0	260	1168	1168	0	0	1168	53	0	0	53
Mumbai	242	1492	1734	43	360	246	84	3	613	1349	828	508	13	1349	164	220	1	385
<b>TOTAL</b>	<b>1929</b>	<b>10187</b>	<b>12116</b>	<b>338</b>	<b>1867</b>	<b>2141</b>	<b>270</b>	<b>1112</b>	<b>4440</b>	<b>10168</b>	<b>7175</b>	<b>2361</b>	<b>632</b>	<b>10168</b>	<b>930</b>	<b>825</b>	<b>192</b>	<b>1947</b>

- |                         |                      |
|-------------------------|----------------------|
| 1 Recommendations       | 6 Not Entertainable  |
| 2 Awards                | 7 Within 3 months    |
| 3 Withdrawal/Settlement | 8 3 months to 1 year |
| 4 Non-acceptance        | 9 Above 1 year       |
| 5 Dismissal             |                      |

## First Year (including single premium) Life Insurance Premium

(Rs. Crore)

INSURER	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
<b>LIC</b>	<b>9700.98</b>	<b>19588.77</b>	<b>15976.76</b>	<b>17347.62</b>	<b>20653.06</b>	<b>28515.87</b>	<b>56223.56</b>
		<b>(101.93)</b>	<b>(-18.44)</b>	<b>(8.58)</b>	<b>(19.05)</b>	<b>(38.07)</b>	<b>(97.17)</b>
ING VYSYA	—	4.19	17.66	72.10	282.42	283.98	467.66
HDFC STD LIFE	0.002	32.78	129.31	209.33	486.15	1042.65	1648.85
BSLI	0.32	28.11	129.57	449.86	621.31	678.12	882.72
ICICI PRU	5.97	113.33	364.11	750.84	1584.34	2602.50	5162.13
KOTAK LIFE	—	7.58	35.21	125.51	373.99	396.06	614.94
TATAAIG*	—	21.14	59.77	181.59	297.55	464.53	644.82
SBI LIFE	—	14.69	71.88	207.05	484.85	827.82	2563.84
BAJAJ ALLIANZ	—	7.14	63.39	179.55	857.45	2716.77	4269.80
MNYL	0.16	38.80	67.31	137.28	233.63	471.36	912.11
MET LIFE	—	0.48	7.70	23.41	57.52	148.53	340.44
RELIANCE LIFE	—	0.28	6.32	27.21	91.33	193.56	932.11
AVIVA	—	—	13.47	76.96	192.29	407.12	721.35
SAHARA	—	—	—	—	1.74	26.34	43.00
SHRIRAM LIFE	—	—	—	—	—	10.33	182.16
BHARTIAXA	—	—	—	—	—	—	7.78
<b>PRIVATE SECTOR</b>	<b>6.45</b>	<b>268.51</b>	<b>965.69</b>	<b>2440.71</b>	<b>5564.57</b>	<b>10269.67</b>	<b>19393.69</b>
		<b>(4061.70)</b>	<b>(259.65)</b>	<b>(152.74)</b>	<b>(127.99)</b>	<b>(84.55)</b>	<b>(88.84)</b>
<b>TOTAL</b>	<b>9707.40</b>	<b>19857.28</b>	<b>16942.45</b>	<b>19788.32</b>	<b>26217.64</b>	<b>38785.54</b>	<b>75617.26</b>
		<b>(104.56)</b>	<b>(-14.68)</b>	<b>(16.80)</b>	<b>(32.49)</b>	<b>(47.94)</b>	<b>(94.96)</b>

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

## TOTAL LIFE INSURANCE PREMIUM

(Rs. Crore)

INSURER	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
<b>LIC</b>	<b>34892.02</b>	<b>49821.91</b>	<b>54628.49</b>	<b>63533.43</b>	<b>75127.29</b>	<b>90792.22</b>	<b>127822.84</b>
		(42.79)	(9.65)	(16.30)	(18.25)	(20.85)	(40.79)
ING VVSYA	—	4.19	21.16	88.51	338.86	425.38	707.20
HDFC STD LIFE	0.002	33.46	148.83	297.76	686.63	1569.91	2855.87
BSLI	0.32	28.26	143.92	537.54	915.47	1259.68	1776.71
ICICI PRU	5.97	116.38	417.62	989.28	2363.82	4261.05	7912.99
KOTAK LIFE	—	7.58	40.32	150.72	466.16	621.85	971.51
TATAAIG*	—	21.14	81.21	253.53	497.04	880.19	1367.18
SBI LIFE	—	14.69	72.39	225.67	601.18	1075.32	2928.49
BAJAJ ALLIANZ	—	7.14	69.17	220.80	1001.68	3133.58	5310.00
MNYL	0.16	38.95	96.59	215.25	413.43	788.13	1500.28
MET LIFE	—	0.48	7.91	28.73	81.53	205.99	492.71
RELIANCE LIFE	—	0.28	6.47	31.06	106.55	224.21	1004.66
AVIVA	—	—	13.47	81.50	253.42	600.27	1147.23
SAHARA	—	—	—	—	1.74	27.66	51.00
SHRIRAM LIFE	—	—	—	—	—	10.33	185.15
BHARTIAXA	—	—	—	—	—	—	7.78
<b>PRIVATE SECTOR</b>	<b>6.45</b>	<b>272.55</b>	<b>1119.06</b>	<b>3120.33</b>	<b>7727.51</b>	<b>15083.54</b>	<b>28218.75</b>
		(4124.31)	(310.59)	(178.83)	(147.65)	(95.19)	(87.08)
<b>TOTAL</b>	<b>34898.47</b>	<b>50094.46</b>	<b>55747.55</b>	<b>66653.75</b>	<b>82854.80</b>	<b>105875.76</b>	<b>156041.59</b>
		(43.54)	(11.28)	(19.56)	(24.31)	(27.78)	(47.38)

- 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

**GROSS DIRECT PREMIUM OF NON-LIFE INSURANCE (WITHIN & OUTSIDE INDIA)****(Rs. Crore)**

<b>INSURER</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>
NATIONAL	2227.73	2439.41	2869.87	3399.97	3810.65	3536.34	3827.12
NEW INDIA	3493.05	4198.06	4812.79	4921.47	5103.16	5675.54	5936.78
ORIENTAL	2247.10	2498.64	2868.15	2899.74	3090.55	3609.77	4020.78
UNITED	2524.00	2781.48	2969.63	3063.47	2944.46	3154.78	3498.77
<b>PUBLIC SECTOR</b>	<b>10491.88</b>	<b>11917.59</b>	<b>13520.44</b>	<b>14284.65</b>	<b>14948.82</b>	<b>15976.44</b>	<b>17283.45</b>
		<b>(13.59)</b>	<b>(13.45)</b>	<b>(5.65)</b>	<b>(4.65)</b>	<b>(6.87)</b>	<b>(8.18)</b>
ROYAL SUNDARAM	0.24	71.13	184.44	257.76	330.70	458.64	598.20
RELIANCE	1.07	77.46	185.68	161.06	161.68	162.33	912.23
IFFCO-TOKIO	5.83	70.51	213.33	322.24	496.64	892.72	1144.47
TATAAIG	—	78.46	233.93	343.52	448.24	572.70	710.55
ICICI LOMBARD	—	28.13	211.66	486.73	873.86	1582.86	2989.07
BAJAJ ALLIANZ	—	141.96	296.48	476.53	851.62	1272.29	1786.34
CHOLAMANDALAM	—	—	14.79	97.05	169.25	220.18	311.73
HDFC GENERAL	—	—	9.49	112.95	175.63	200.94	194.00
<b>PRIVATE SECTOR</b>	<b>7.14</b>	<b>467.65</b>	<b>1349.80</b>	<b>2257.83</b>	<b>3507.62</b>	<b>5362.66</b>	<b>8646.57</b>
		<b>(6453.98)</b>	<b>(188.64)</b>	<b>(67.27)</b>	<b>(55.35)</b>	<b>(52.89)</b>	<b>(61.24)</b>
<b>TOTAL</b>	<b>10499.02</b>	<b>12385.24</b>	<b>14870.25</b>	<b>16542.49</b>	<b>18456.45</b>	<b>21339.10</b>	<b>25930.02</b>
		<b>(17.97)</b>	<b>(20.06)</b>	<b>(11.25)</b>	<b>(11.57)</b>	<b>(15.62)</b>	<b>(21.51)</b>
ECGC	—	338.52	374.78	445.48	515.55	577.33	617.66
STAR HEALTH	—	—	—	—	—	—	22.51
AIC	—	—	—	369.21	549.72	555.83	564.67

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										Total Business Inforce as at 31-03-'07		
	Life		General Annuity and Pension				Health		Linked				
	Business Inforce as at 01-04-2006	Additions* Deletions**	Business Inforce as at 31-03-'07	Business Inforce as at 01-04-'06	Additions* Deletions**	Business Inforce as at 31-03-'07	Business Inforce as at 31-03-'07	Business Inforce as at 31-03-'07	Business Inforce as at 31-03-'07	Business Inforce as at 31-03-'07			
BajajAZ Life	395	196	80	511	6	0	0	0	6	0	0	2458	3653
Reliance Life	77	162	49	189	0	0	0	0	0	0	0	326	803
AVIVALife	34	41	24	51	0	0	0	0	0	0	0	438	587
Birla Sun Life	159	109	34	234	0	0	0	0	0	0	0	713	1249
HDFC Std Life	590	198	36	752	73	4	3	74	0	0	0	520	2249
ICICI Pru Life	473	426	165	734	50	5	2	53	93	0	0	2407	4408
ING Vysya Life	193	108	48	253	31	6	0	38	0	0	0	169	847
LIC	179564	22959	13104	189419	2923	176	190	2909	0	0	0	20240	431484
Max NY Life	562	315	164	713	8	0	1	8	0	0	0	351	2122
Met Life	106	44	38	112	1	0	0	1	0	0	0	95	397
Kotak OM Life	108	37	22	123	6	0	0	6	0	0	0	189	494
SBI Life	352	148	89	411	64	14	2	77	0	0	0	499	1657
TATAAIGLife	453	243	129	567	22	3	3	22	72	0	0	195	1709
Sahara Life	22	26	7	42	0	0	0	0	0	0	0	20	118
Shriram Life	21	42	9	53	0	0	0	0	0	0	0	54	179
Bharti AXA Life	0	1	0	1	0	0	0	0	0	0	0	5	7
<b>TOTAL</b>	<b>183109</b>	<b>25056</b>	<b>14000</b>	<b>194164</b>	<b>3186</b>	<b>209</b>	<b>202</b>	<b>3193</b>	<b>165</b>	<b>28678</b>	<b>451963</b>		

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 31-03-2007 of the life insurers.

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

(Rs. Crore)

INSURER	Non-Linked Business												
	Life			General Annuity and Pension					Health		Linked		Total
	Business Inforce as at 01-04-'06	Additions*	Deletions**	Business Inforce as at 31-03-'07	Business Inforce as 01-04-'06	Additions*	Deletions**	Business Inforce as at 31-03-'07	Business Inforce as at 31-03-'07	Business Inforce as at 31-03-'07	Business Inforce as at 31-03-'07		
Bajaj AZ Life	10619	4562	2627	12554	288	20	68	239	0	64816	0	95793	
Reliance Life	1767	2691	1118	3339	0	0	0	0	0	6201	0	15116	
AVIVALife	201	218	4	415	0	0	0	0	0	14282	0	15120	
Birla Sun Life	3933	1853	673	5113	0	0	0	0	0	30297	0	41869	
HDFC Std Life	11801	3444	992	14253	1478	105	98	1485	0	21487	0	55144	
ICICI Pru Life	13438	3890	1925	15403	1560	83	85	1559	4043	56319	0	98306	
ING Vysya Life	4393	1508	865	5036	0	0	0	0	0	4804	0	16605	
LIC	1280159	239860	122551	1397468	63912	25460	2345	87027	0	106381	0	3325164	
Max NY Life	19191	8057	2724	24525	167	9	19	157	0	14906	0	69757	
Met Life	4491	1737	1211	5018	16	2	3	15	0	6706	0	19198	
Kotak OM Life	6083	1792	716	7159	262	7	9	260	0	9268	0	25556	
SBI Life	7254	2849	948	9155	249	89	7	331	0	10734	0	31616	
TATAAIG Life	10303	4318	2193	12428	486	48	58	475	3233	8504	0	42046	
Sahara Life	289	356	77	568	8	1	1	8	0	392	0	1699	
Shriram Life	443	1090	153	1380	0	0	0	0	0	1164	0	4230	
Bharti AXA Life	0	68	4	65	0	0	0	0	0	175	0	312	
<b>TOTAL</b>	<b>1374364</b>	<b>278294</b>	<b>138782</b>	<b>1513876</b>	<b>68425</b>	<b>25825</b>	<b>2693</b>	<b>91557</b>	<b>72770</b>	<b>356437</b>	<b>0</b>	<b>3857530</b>	

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

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

Source of Data : Actuarial Report and Abstract as on 31-03-2007 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	77	2364
RELIANCE LIFE	47	692
AVIVA	24	3
BSLI	8	597
HDFC STD LIFE	29	787
ICICI PRU	180	2461
ING VYSYA	45	788
LIC	7773	63206
MNYL	163	2666
MET LIFE	37	1157
KOTAK LIFE	21	546
SBI LIFE	85	773
TATA AIG	151	3042
SAHARA	7	78
SHRIRAM LIFE	9	139
BHARTI AXA LIFE	0	0
<b>TOTAL</b>	<b>8657</b>	<b>79300</b>

\* 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 31-03-2007 of the life insurers.

**SOLVENCY RATIO OF LIFE INSURERS (2006-2007)**

INSURER	Solvency Ratio	
	2006-07	2005-06
BAJAJ ALLIANZ	2.45	2.8
RELIANCE LIFE	1.62	2.0
BSLI	1.80	2.0
AVIVA	6.31	2.8
HDFC STD LIFE	2.05	2.9
ICICI PRU	1.53	1.6
ING VVSYA	2.87	2.3
LIC	1.50	1.3
MNYL	2.08	2.0
METLIFE	1.73	1.7
KOTAK LIFE	1.64	1.8
SBI LIFE	1.78	2.9
TATA AIG	2.59	2.7
SAHARA	2.68	2.7
SHRIRAM LIFE	2.74	2.2
BHARTI AXA	1.96	-

Note : **Source of the data** - Actuarial Report and Abstract as on 31-03-2007  
Solvency Ratio is defined as the ratio of Available Solvency Margin to the  
Required Solvency Margin.

## Solvency Ratios of Non-Life Insurers\*

INSURER	2006-07	2005-06
<b>PRIVATE</b>		
BAJAJ ALLIANZ	1.56	1.22
CHOLAMANDALAM	2.63	2.51
HDFC CHUBB	1.69	1.78
ICICI LOMBARD	2.08	1.29
IFFCO TOKIO	1.70	1.95
RELIANCE	1.95	3.04
ROYAL SUNDARAM	1.64	1.66
TATAAIG	1.85	1.68
<b>PUBLIC</b>		
NEW INDIA	3.57	3.09
UNITED	3.00	2.23
ORIENTAL	2.17	1.97
NATIONAL	1.76	1.08
<b>SPECIALIZED INSURER</b>		
ECGC	11.41	9.39
STAR HEALTH	1.91	–
AIC	2.05	2.16
GIC	4.10	3.41

Note: \* Including the specialized Insurers

**INDIVIDUAL BUSINESS (WITHIN INDIA)\***  
**Details Foreiture/Lapse Policies in respect of Non-Linked Business**

INSURER	2004-05		2005-06		2006-07		2005-06	2006-2007
	Number of policies (in '000)	Sum Assured (Rs. Crore)	Number of policies (in '000)	Sum Assured (Rs. Crore)	Number of policies (in '000)	Sum Assured (Rs. Crore)	Lapse Ratio (Based on number of Policies) (in per cent)	
Bajaj AZ Life	65.946	750.72		2417.74	77.42	2364.27	20	17
Reliance Life	28.616	522.935	17.58	259.8	47.13	691.9	28	35
AVIVA Life	7.481	27.77	18.6	48.99	24.19	3.2305	65	57
Birla Sun Life	5.35	320.487	5.26	359.97	7.818	596.618	4	4
HDFC Std Life	37.715	620.285	40.55	793.56	29.32	787.29	7	4
ICICI Pru Life	52.473	1013.638	136.54	1377.46	179.97	2460.897	29	26
ING Vysya Life	38.656	523.5999	40.73	855.4	45.04	788.136	20	17
LIC	10211.09	65006.572	9568.88	61640	7773	63206.4577	5	4
Max NY Life	78.217	1581.146	104.02	2657.78	163.09	2666.276	22	25
Met Life	13.068	286.367	31.12	1008.37	36.867	1157.447	37	34
Kotak OM Life	18.225	358.789	27.07	520.55	21.31	546.372	25	17
SBI Life	14.885	180.7408	31.52	459.43	85.294	772.886	9	19
TATA AIG Life	68.844	1141.157	92.49	1615.67	150.934	3041.638	21	26
Sahara Life	0.002	0.01	5.24	61.83	6.74	77.713	32	21
Shriram Life	NA	NA	0	0	8.976	139.298	0	24
Bharti AXA Life	NA	NA	NA	NA	0	0	NA	0
<b>TOTAL</b>	<b>10640.568</b>	<b>72334.217</b>	<b>10119.6</b>	<b>74076.55</b>	<b>8657.099</b>	<b>79300.4292</b>		

\* Includes Health Business, if any.

A policy is treated as lapsed if the premium is not paid within a period ranging from 15 to 60 days.

Lapse Ratio during the year = Lapses (including forfeitures) during the year/Arithmetic Mean of the business inforce at the beginning and at the end of the year

Source of Data : Actuarial Report and Abstract as on 31-03-2005/31-03-2006/31-03-2007 of the life insurers.



## GROUP NEW BUSINESS PERFORMANCE OF LIFE INSURERS FOR 2006-07 — CHANNEL-WISE

(Premium in Rs crore) (Schemes and lives in nos.)

Insurer	Individual Agents				Corporate Agents				Brokers				Referrals				Direct Selling				Total Group New Business				
	Schemes covered		Lives covered		Premium		Schemes covered		Lives covered		Premium		Schemes covered		Lives covered		Premium		Schemes covered		Lives covered		Premium		
	Lives	Premium	Schemes	Lives	Premium	Schemes	Lives	Premium	Schemes	Lives	Premium	Schemes	Lives	Premium	Schemes	Lives	Premium	Schemes	Lives	Premium	Schemes	Lives	Premium		
Aviva**	14	5146	(1.07)	4.18	(13.45)	-	2597	1.77	356623	1.63	5	8627	0.52	2	62913	1.50	74	44044	21.49	95	479950	31.09			
Bejaj Allianz	-	-	-	-	-	-	-	-	(74.30)	(5.25)	-	-	-	-	-	-	283	847038	62.60	283	847038	62.60			
Bharti Axa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	3067	0.01	3	3067	0.01			
Birla Sunlife	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	162	66866	139.84	162	66866	139.84			
HDFC Std	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	165	302505	276.00	165	302505	276.00			
ICICI Pru**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	423	438420	778.65	423	438420	778.65			
ING Vysya	1	44	(0.05)	0.25	(1.02)	2	667	2.33	-	-	8	1925	0.09	-	-	-	33	80398	21.73	44	83034	24.40			
Kotak	-	-	-	-	-	-	-	-	-	-	79	197151	15.98	-	-	-	122	219931	52.59	201	417082	68.57			
Mahindra	-	-	-	-	-	-	-	-	-	-	(39.30)	(47.27)	(23.31)	-	-	-	165	103795	5.91	165	103795	5.91			
Max	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115	224522	18.52	204	424724	26.72			
NewYork	7	3809	(0.90)	0.30	(1.12)	-	4	7964	0.71	(2.64)	78	188429	7.19	-	-	-	115	224522	18.52	204	424724	26.72			
MetLife	(3.43)	(0.90)	(1.12)	-	-	-	(1.96)	(1.88)	(2.64)	(38.24)	(44.37)	(26.91)	-	-	-	-	(56.37)	(52.86)	(69.33)	204	424724	26.72			
Reliance Life	6	3804	0.12	0.12	(0.09)	-	-	-	-	-	73	91307	5.73	-	-	-	155	253799	125.17	234	348910	131.02			
Sahara**	(2.56)	(1.09)	(0.09)	-	-	-	-	-	-	-	(31.20)	(26.17)	(4.37)	-	-	-	(66.24)	(72.74)	(95.54)	4	103251	0.84			
SBI Life	-	-	-	-	-	272	1475673	322.81	(100.00)	(100.00)	-	-	-	-	-	-	40	76848	476.78	312	1552521	799.59			
Shriram	-	-	-	-	-	(87.18)	(95.05)	(40.37)	-	-	-	-	-	-	-	-	(12.82)	(4.95)	(59.63)	1	200	0.0018			
Tata AIG	1	200	0.0018	0.0018	(100.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Private Total	20	14381	(2.61)	0.78	(0.76)	1	88	0.07	-	-	18	4605	1.50	-	-	-	50	532460	100.51	89	551534	102.86			
LIC	(22.47)	(2.61)	(0.76)	(1.12)	(0.02)	8	467838	3.17	(8.17)	(0.13)	261	492044	31.01	2	62913	1.50	1790	3193693	2079.80	2385	5722897	2448.10			
Industry Total	(2.05)	(0.48)	(0.23)	(11.53)	(25.84)	(0.34)	(13.36)	(10.94)	(8.60)	(1.27)	(0.08)	(1.10)	(0.06)	20717	14164320	11531.39	20717	14164320	11531.39	20717	14164320	11531.39			
	49	27384	(0.21)	5.63	(0.04)	275	1479025	326.98	8	467838	3.17	261	492044	31.01	2	62913	1.50	22507	17358013	13611.19	23102	19887217	13979.49		
	(0.21)	(0.14)	(0.04)	(1.19)	(7.44)	(0.03)	(2.35)	(0.02)	(1.13)	(2.47)	(0.22)	(0.01)	(0.32)	(0.01)	(97.42)	(87.28)	(97.37)								

Note: Figures in brackets show percentage to total

\* Any entity other than banks but licensed as a corporate agent.

\*\*It has been confirmed by the respective insurers that the no. of schemes have been taken net of all cancellations including freelooks during the financial year.

## STATE WISE SPREAD OF NO. OF INDIVIDUAL AGENTS — INSURER WISE AS AT 31ST MARCH, 2007

State / Union Territory	Insurers														Industry Total (State wise)			
	Aviva	Bajaj Allianz	Bharti Axa	Birla Sunlife	HDFC Std	ICICI Pru	ING Vysya	Kotak Mahindra	Max NewYork	Met Life	Reliance Life	Sahara Life	SBI Life	Shriram AIG		Tata AIG	Private	LIC
Andhra	1900	18165	183	3856	5734	14159	6988	855	1417	2835	9748	178	2652	8113	561	77344	100314	177658
Pradesh	-	-	-	-	-	-	-	-	-	-	-	-	2	4	-	6	383	389
Arumachal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pradesh	767	9970	-	1921	1826	5208	312	1150	175	253	1568	334	118	-	1723	25325	38215	63540
Bihar	1051	13505	-	2892	716	5976	-	-	158	17	3182	1557	1262	-	841	31157	58983	90140
Chattisgarh	237	2705	-	641	1611	1111	-	-	152	1	163	-	1084	7	194	7906	17725	25631
Goa	84	316	-	274	339	405	121	-	130	2	-	-	-	1	-	1672	3379	5051
Gujarat	1755	10241	20	3026	3956	23098	1337	4854	3749	759	7397	550	1508	-	2032	64282	53800	118082
Haryana	1424	3088	-	1314	2447	3959	616	1628	709	295	2372	88	613	-	255	18808	16724	35532
Himachal Pradesh	11	1590	-	-	225	742	288	-	17	6	605	-	86	-	161	3731	8290	12021
Jammu & Kashmir	91	2921	-	-	732	2613	272	-	32	2	-	-	89	-	-	6752	6506	13258
Jharkhand	657	7561	-	1396	1286	4017	-	169	264	34	2048	660	831	-	976	19899	24387	44286
Karnataka	1057	9564	71	2883	2922	11193	3201	788	801	3389	5377	107	875	488	582	43298	67749	111047
Kerala	1603	14254	-	1814	8598	17107	1875	451	612	3111	6055	-	2266	116	2787	60649	49478	110127
Madhya Pradesh	1144	13720	-	2386	4576	8941	2072	804	1159	145	2837	634	1553	328	162	40461	45954	86415
Maharashtra	3332	14336	297	6986	10558	25032	1980	4107	4597	2158	6297	262	2335	149	2745	85171	124471	209642
Manipur	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1446	1446
Meghalaya	65	370	-	457	354	327	-	-	-	2	435	-	95	-	16	2121	603	2724
Mizoram	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	291	291
Nagaland	1	-	-	593	-	-	-	-	-	1	-	-	4	-	-	599	663	1262
Orissa	1261	14148	125	1257	1518	9227	846	285	285	482	5213	319	1931	6	1839	38457	33377	71834
Punjab	1159	9872	27	2677	5816	14839	922	1106	3220	1000	4806	32	683	-	120	46279	18953	65232
Rajasthan	801	7882	-	3092	3449	10605	1608	734	998	363	4865	1438	1347	-	2517	39699	51071	90770
Sikkim	59	205	-	4	873	365	-	-	-	10	-	-	6	-	13	1535	612	2147
Tamil Nadu	1698	11038	99	3296	4895	11725	4403	1213	1225	2322	11240	62	2471	1153	1338	58178	81331	139509
Tripura	157	741	-	-	-	-	-	-	-	1	-	-	3	-	37	939	1446	2385



## STATE WISE SPREAD OF NO. OF INDIVIDUAL AGENTS — INSURER WISE AS AT 31ST MARCH, 2007

State / Union Territory	Insurers														Industry Total (State wise)			
	Aviva	Bajaj Allianz	Bharti Axa	Birla Sunlife	HDFC Std	ICICI Pru	ING Vysya	Kotak Mahindra	Max NewYork	Met Life	Reliance Life	Sahara Life	SBI Life	Shriram		Tata AIG	Private	LIC
Uttar Pradesh	3074	29849	133	7067	8077	26286	2232	1000	1433	562	12802	2790	1376	-	841	97522	132832	230354
Uttarakhand	70	1679	-	755	527	1051	421	304	304	159	-	145	22	-	13	5146	14966	20112
West Bengal	2301	13592	188	3368	3758	15980	1198	770	770	1516	3399	249	1386	-	4542	53415	103163	156578
Andaman & Nicobar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	485	485
Islands	193	25	-	721	-	2835	974	537	420	162	1677	25	160	-	1522	9251	8683	17934
Dadra & Nagahavelli	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2
Daman & Diu	1	11	-	-	-	-	-	-	-	-	-	-	-	-	-	12	125	137
Delhi	3056	4412	123	3496	4316	17207	2278	3920	2417	1259	3536	367	595	-	2275	49257	35450	84707
Lakshadweep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2
Puducherry	43	431	-	318	-	452	-	-	-	2	-	-	3	19	13	1281	1188	2469
<b>Total</b>	<b>29052</b>	<b>216191</b>	<b>1266</b>	<b>56490</b>	<b>79109</b>	<b>234460</b>	<b>33944</b>	<b>24484</b>	<b>25044</b>	<b>20848</b>	<b>95622</b>	<b>9797</b>	<b>25356</b>	<b>10384</b>	<b>28105</b>	<b>890152</b>	<b>1103047</b>	<b>1993199</b>

## DETAILS OF NO. OF INDIVIDUAL AGENTS OF LIFE INSURERS

Insurer	As on 1st April, 2006	Additions	Deletions	As on 31st March 2007
Aviva	10974	20708	2630	29052
Bajaj Allianz	109141	141303	34253	216191
Bharti Axa	0	1354	88	1266
Birla Sunlife	17738	41422	2670	56490
HDFC Std	34887	53470	9248	79109
ICICI Pru	72383	199453	37376	234460
ING Vysya	18683	25936	10675	33944
Kotak Mahindra	12523	17259	5298	24484
Max NewYork	15275	18803	9034	25044
MetLife	9985	14562	3699	20848
Reliance Life	19956	82531	6865	95622
Sahara	78	9719	0	9797
SBI Life	8128	18343	1115	25356
Shriram	5759	4625	0	10384
Tata AIG	35336	17134	24365	28105
<b>Private Total</b>	<b>370846</b>	<b>666622</b>	<b>147316</b>	<b>890152</b>
LIC	1052993	197963	147909	1103047
<b>Industry Total</b>	<b>1423839</b>	<b>864585</b>	<b>295225</b>	<b>1993199</b>

## INDIVIDUAL DEATH CLAIMS

Life Insurer	(Benefit Amount in Rs crore)																	
	Claims pending at start of year		Claims intimated / booked		Total Claims		Claims paid		Claims repudiated		Claims pending at end of year		Break up of claims pending – duration wise (Policies)					
	No. of Policies	Benefit Amount	No. of Benefit	Benefit Amount	No. of Benefit	Benefit Amount	No. of Benefit	Benefit Amount	No. of Benefit	Benefit Amount	No. of Benefit	Benefit Amount	< 3 mths	3 - < 6 mths	> 1 yr	Total		
Aviva	80	1.85	497	7.75	577	9.60	418	6.56	53	0.92	106	2.12	57	11	16	22	106	
Bajaj Allianz	335	6.56	2344	39.09	2679	45.65	1929	31.18	483	9.96	267	4.50	217	18	10	22	267	
Bharti Axa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Birla Sunlife	12	2.18	565	19.42	577	21.60	456	14.84	111	4.51	10	2.25	2	2	1	5	10	
HDFC Std	202	3.49	1370	21.59	1572	25.08	1046	13.76	284	5.76	242	5.55	242	-	-	-	242	
ICICI Pru	111	2.62	3354	29.74	3465	32.36	3102	24.30	212	4.04	151	4.02	101	19	14	17	151	
ING Vysya	62	0.87	507	6.45	569	7.32	319	4.29	79	0.20	171	2.83	109	45	16	1	171	
Kotak Mahindra	99	2.50	341	7.83	440	10.33	233	6.38	62	1.40	145	2.55	62	24	21	38	145	
Max NewYork	540	9.63	1406	29.11	1946	38.74	1325	23.33	263	6.28	358	9.13	190	109	41	18	358	
MetLife	36	1.12	185	7.44	221	8.55	103	3.21	48	2.15	70	3.19	39	16	8	7	70	
Reliance Life	9	0.05	294	4.36	303	4.41	262	3.58	27	0.48	14	0.35	13	-	1	-	14	
Sahara	7	0.06	37	0.32	44	0.38	19	0.20	4	0.02	21	0.16	14	3	4	-	21	
SBLife	165	1.53	1115	14.94	1280	16.47	921	11.13	172	2.09	187	3.25	143	17	11	16	187	
Shriram	0	0.00	81	1.30	81	1.30	12	0.14	1	0.02	68	1.14	8	36	24	-	68	
Tata AIG	236	4.33	1043	17.66	1279	21.99	783	12.55	303	5.85	193	3.59	153	11	3	26	193	
<b>Private Total</b>	<b>1894</b>	<b>36.80</b>	<b>13139</b>	<b>206.99</b>	<b>15033</b>	<b>243.78</b>	<b>10928</b>	<b>155.46</b>	<b>2102</b>	<b>43.68</b>	<b>2003</b>	<b>44.64</b>	<b>1350</b>	<b>311</b>	<b>170</b>	<b>172</b>	<b>2003</b>	
LIC	9574	185.39	602425	4404.03	611999	4589.42	593250	4289.28	8767	94.71	9982	205.43	3179	2795	2375	1633	9982	
<b>Industry Total</b>	<b>11468</b>	<b>222.19</b>	<b>615564</b>	<b>4611.02</b>	<b>627032</b>	<b>4833.20</b>	<b>604178</b>	<b>4444.74</b>	<b>10869</b>	<b>138.39</b>	<b>11985</b>	<b>250.07</b>	<b>4529</b>	<b>3106</b>	<b>2545</b>	<b>1805</b>	<b>11985</b>	
							<b>(96.36)</b>	<b>(91.96)</b>	<b>(1.73)</b>	<b>(2.86)</b>	<b>(1.91)</b>	<b>(5.17)</b>	<b>(37.79)</b>	<b>(25.92)</b>	<b>(21.23)</b>	<b>(15.06)</b>		

Note : Figures in brackets show percentage of the respective totals.

## NO. OF LIFE INSURANCE OFFICES AS ON END MARCH\*

Insurer	2001	2002	2003	2004	2005	2006	2007
Aviva	-	3	12	22	50	110	140
Bajaj Allianz	1	7	33	49	153	567	877
Bharti Axa	-	-	-	-	-	1	16
Birla Sunlife	2	19	29	41	53	97	148
HDFC Std	-	4	18	26	90	150	448
ICICI Pru	6	14	29	69	109	175	583
ING Vysya	-	4	18	26	38	68	183
Kotak Mahindra	-	9	28	39	43	46	75
Max NewYork	-	15	23	33	64	84	118
MetLife	-	3	8	16	35	43	53
Reliance Life	-	17	35	48	80	157	159
Sahara	-	-	-	2	18	18	33
SBI Life	1	5	10	19	31	46	138
Shriram	-	-	-	-	-	11	12
Tata AIG	3	6	13	26	40	72	89
<b>Private Total</b>	<b>13</b>	<b>116</b>	<b>254</b>	<b>416</b>	<b>804</b>	<b>1645</b>	<b>3072</b>
LIC	2186	2190	2191	2196	2197	2220	2301
<b>Industry Total</b>	<b>2199</b>	<b>2306</b>	<b>2445</b>	<b>2612</b>	<b>3001</b>	<b>3865</b>	<b>5373</b>

\* Offices opened after seeking approval of the Authority

Note: 1) Data as furnished by the insurers

2) Nos show the cumulative count

3) Office as defined under Section 64VC of the Insurance Act, 1938.

**DISTRIBUTION OF OFFICES OF LIFE INSURERS AS ON 31st MARCH, 2007\***

<b>Insurer</b>	<b>Metro</b>	<b>Urban</b>	<b>Semi-urban</b>	<b>Others</b>	<b>Company Total</b>
Aviva	13	55	61	11	<b>140</b>
Bajaj Allianz	30	124	375	348	<b>877</b>
Bharti Axa	5	11	-	-	<b>16</b>
Birla Sunlife	27	60	60	1	<b>148</b>
HDFC Std	34	84	251	79	<b>448</b>
ICICI Pru	77	140	305	61	<b>583</b>
ING Vysya	14	63	91	15	<b>183</b>
Kotak Mahindra	18	36	19	2	<b>75</b>
Max NewYork	25	49	38	6	<b>118</b>
MetLife	14	25	13	1	<b>53</b>
Reliance Life	19	54	80	6	<b>159</b>
Sahara	4	24	5	-	<b>33</b>
SBI Life	14	68	43	13	<b>138</b>
Shriram	2	9	1	-	<b>12</b>
Tata AIG	20	46	20	3	<b>89</b>
<b>Private total</b>	<b>316</b>	<b>848</b>	<b>1362</b>	<b>546</b>	<b>3072</b>
LIC	233	499	797	772	2301
<b>Industry total</b>	<b>549</b>	<b>1347</b>	<b>2159</b>	<b>1318</b>	<b>5373</b>

\* Offices opened after seeking approval of the Authority.

Note : 1) Data collected from life insurers through a special return.

2) Based on the HRA classification of places done by the Ministry of Finance.

Metro: Delhi, Mumbai, Chennai and Kolkata.

Urban: A, B-1 and B-2 class cities of the HRA classification.

Semi-urban: C class cities of the HRA classification.

Others: Places not listed in the HRA classification.

## GEOGRAPHICAL DISTRIBUTION OF OFFICES\*

State / Union Territory	Aviva	Bajaj Allianz	Bharti Axa	Birla Sunlife	HDFC Sid	ICICI Pru	ING Vysya	Kotak Mahindra	Max NewYork	Met Life	Reliance Sahara Life	SBI Life	Shriram	Tata AIG	State Total (Private)	LIC	State Total (Industry)
Andhra Pradesh	6	69	1	10	41	42	35	3	7	5	26	1	5	5	269	198	467
Arunachal Pradesh	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1	2	3
Assam	4	25	-	4	8	9	1	3	1	-	1	1	-	4	63	56	119
Bihar	2	41	-	7	1	15	1	-	1	-	1	3	-	2	80	68	148
Chattisgarh	1	8	-	2	11	2	1	-	1	-	1	1	-	1	33	35	68
Goa	1	1	-	1	1	2	1	-	1	1	-	-	-	-	10	14	24
Gujarat	11	55	1	11	23	50	10	20	10	3	9	2	-	6	218	157	375
Haryana	8	17	-	7	12	15	5	4	4	1	2	1	-	2	82	44	126
Himachal Pradesh	-	11	-	-	4	3	1	-	1	-	1	-	-	-	22	27	49
Jammu & Kashmir	1	13	-	-	3	4	1	-	-	2	-	-	-	-	25	20	45
Jharkhand	3	30	-	5	4	9	1	1	2	-	2	6	-	4	68	41	109
Karnataka	8	48	1	10	27	32	21	3	6	8	16	1	2	6	195	154	349
Kerala	12	79	1	7	61	48	21	2	-	9	18	-	1	8	276	95	371
Madhya Pradesh	7	55	1	6	27	28	5	2	4	-	2	2	1	1	146	130	276
Maharashtra	12	76	4	21	58	75	11	14	17	7	22	1	1	15	348	291	639
Manipur	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	4
Meghalaya	1	3	-	1	1	1	-	-	-	-	-	-	-	-	8	1	9
Mizoram	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1	1	2
Nagaland	-	-	-	1	-	-	-	-	-	-	-	-	-	-	1	4	5
Orissa	6	34	1	3	14	20	4	-	1	1	1	1	-	2	95	62	157
Punjab	7	50	2	5	23	33	10	5	32	2	5	-	-	3	181	69	250
Rajasthan	6	45	-	8	24	18	7	2	3	1	4	3	-	8	136	120	256
Sikkim	1	3	-	-	1	1	-	-	-	-	-	-	-	-	7	1	8
Tamil Nadu	10	46	1	10	29	37	26	5	5	6	31	1	2	6	228	193	421
Tripura	1	2	-	-	2	1	-	-	-	-	-	-	-	-	6	4	10
Uttar Pradesh	15	80	1	12	43	57	11	1	6	1	11	10	-	3	262	240	502
Uttarakhand	1	11	-	1	5	3	1	-	1	-	-	-	-	-	23	36	59
West Bengal	10	55	1	7	15	45	3	4	5	3	5	1	-	8	173	154	327
Andaman & Nicobar Islands	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Chandigarh	1	1	-	1	1	3	1	-	1	-	-	1	-	-	12	9	21
Dadra & Nagarhaveli	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	-	1
Daman & Diu	-	-	-	-	-	1	-	-	-	-	-	-	-	-	1	-	1
Delhi	4	14	1	8	8	28	3	6	8	3	1	1	-	4	91	67	158
Lakshadweep	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Puducherry	1	3	-	-	1	1	2	-	-	-	-	-	-	1	10	3	13
<b>Company Total</b>	<b>140</b>	<b>877</b>	<b>16</b>	<b>148</b>	<b>448</b>	<b>583</b>	<b>183</b>	<b>75</b>	<b>118</b>	<b>53</b>	<b>159</b>	<b>33</b>	<b>12</b>	<b>89</b>	<b>3072</b>	<b>2301</b>	<b>5373</b>

\* Offices opened after seeking approval of the Authority

Note: 1) Data as furnished by the insurers 2) Office as defined under Section 64VC of the Insurance Act, 1938

## INDIVIDUAL NEW BUSINESS UNDERWRITTEN STATEWISE

State/Union Territory	Aviva*		Bajaj Allianz		BhartiAxa		Britia Sunlife		HDFC Std		ICICI Pru*		ING Vysya		Kotak Mahindra		Max NewYork		MetLife		Reliance Life	
	No. of policies	Premium	No. of policies	Premium	No. of policies	Premium	No. of policies	Premium	No. of policies	Premium	No. of policies	Premium	No. of policies	Premium	No. of policies	Premium	No. of policies	Premium	No. of policies	Premium	No. of policies	Premium
Andhra Pradesh	22679	36.11	155219	322.82	1227	1.50	24535	20.94	34903	71.02	88449	210.06	43512	87.06	4109	13.02	32852	35.51	10928	31.69	78429	96.10
Andhachal Pradesh	34	0.10	550	1.95	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assam	3668	7.92	57833	118.49	1	0.003	9204	11.04	3675	9.50	16830	41.54	994	1.28	2594	6.80	12885	11.26	101	0.08	5199	9.37
Bihar	5246	10.23	159667	241.90	4	0.004	11363	13.51	5174	10.30	18463	33.94	997	1.41	-	-	26797	20.43	1	0.021	3714	6.05
Chattisgarh	810	1.49	12460	23.37	2	0.003	2886	2.94	5850	10.99	6201	13.37	875	0.90	-	-	1736	2.15	-	-	-	-
Goa	1629	5.08	3815	0.11	-	-	2146	5.26	2166	10.46	4789	21.67	889	2.08	200	0.73	2652	4.79	-	-	987	5.43
Gujarat	14761	31.79	122457	255.22	36	0.06	22834	31.83	36316	108.74	153136	382.56	15125	28.24	30826	101.62	51278	102.49	1994	6.56	44145	94.64
Haryana	16348	33.55	48446	96.58	96	0.24	8505	21.38	11729	30.98	14570	29.31	6029	10.04	7157	20.95	82237	136.38	317	1.56	14681	26.36
Himachal Pradesh	616	0.80	5133	10.61	-	-	-	-	2538	6.40	4824	12.14	3580	6.17	-	-	707	0.80	-	-	2501	4.40
Jammu & Kashmir	3246	4.71	19952	44.09	-	-	-	-	2043	4.57	12443	28.63	1716	3.55	-	-	1526	2.57	10982	19.64	-	-
Jharkhand	4236	8.31	74152	129.79	4	0.004	7780	3.55	3656	8.64	27151	57.83	181	0.31	306	0.73	7509	6.03	-	-	3353	7.66
Karnataka	11527	33.48	107543	228.56	345	0.43	39543	31.09	21589	89.39	98095	262.36	33857	65.92	4894	15.68	15911	33.10	23117	55.52	29198	54.57
Kerala	9793	30.22	155085	386.00	4	0.01	18886	13.15	28989	120.15	111905	405.71	12639	31.53	7380	24.61	6908	11.43	15129	59.66	28873	83.49
Madhya Pradesh	7144	13.06	33320	64.87	1	0.003	24303	14.66	28875	39.25	44189	99.64	8071	10.74	3226	11.66	8533	11.75	25	0.03	5545	8.43
Maharashtra	31615	88.25	221392	539.62	1354	1.65	51622	393.63	163547	306.24	590271	837.95	14976	33.16	27102	95.47	76158	147.29	16395	44.88	56493	99.32
Manipur	50	0.17	244	0.62	-	-	5386	0.04	2	0.02	499	0.73	24	0.04	-	-	-	-	-	-	-	-
Meghalaya	110	0.23	3328	9.80	-	-	1109	2.17	882	1.78	1160	2.37	14	0.02	-	-	-	-	-	-	1161	6.21
Mizoram	22	0.05	1309	14.56	-	-	-	-	-	-	-	-	-	-	-	-	19	0.02	-	-	-	-
Nagaland	125	0.24	752	1.61	-	-	1701	1.83	-	-	-	-	8	0.01	-	-	396	0.28	-	-	-	-
Orissa	6095	12.90	129505	225.48	137	0.33	12128	7.10	4109	9.22	41109	80.97	4565	8.16	-	-	7559	7.15	1520	1.39	7967	11.70
Punjab	43115	81.92	56267	142.07	558	0.11	13318	14.48	20450	73.90	121090	366.78	6209	13.87	5888	20.50	40539	67.27	1931	4.27	16998	30.49
Rajasthan	14649	15.69	83155	162.29	2	0.001	17745	17.96	15667	40.96	53921	118.90	7687	11.82	3642	11.53	10651	18.02	1657	3.53	10417	14.96
Sikkim	318	1.19	2920	13.95	-	-	-	-	1862	3.78	1033	2.73	6	0.01	-	-	-	-	-	-	-	-
Tamil Nadu	19531	58.97	216865	376.11	474	0.44	30224	16.55	30890	103.01	131166	351.15	33040	72.05	8167	27.04	30028	50.20	11184	26.28	61280	103.28
Tripura	826	1.17	5532	10.60	-	-	-	-	132	0.97	1649	4.01	28	0.01	-	-	2375	1.99	-	-	-	-
Uttar Pradesh	18497	43.54	200943	396.32	294	0.37	58876	54.13	34196	92.32	145499	362.56	11285	15.92	3725	11.65	30202	45.22	210	2.92	46533	78.75
Uttarakhand	980	1.73	2957	5.84	-	-	3153	5.91	2377	5.81	9514	22.45	2871	4.09	-	-	1501	1.99	-	-	3713	5.10
West Bengal	22568	57.66	169884	315.50	542	0.84	17301	18.76	23191	65.93	98042	201.92	6156	13.21	11171	41.18	48468	56.46	9549	23.92	12271	22.56



## INDIVIDUAL NEW BUSINESS UNDERWRITTEN STATEWISE

State/Union Territory	Aviva*		Bajaj Allianz		BhartiAxa	Birla Sunlife		HDFC Std	ICICI Pru*	ING Vysya		Kotak Mehindra		Mx New York		MetLife		Reliance Life			
	No. of policies	Premium	No. of policies	Premium		No. of policies	No. of policies			No. of policies	No. of policies	No. of policies	No. of policies	No. of policies	No. of policies	No. of policies	No. of policies	No. of policies	No. of policies	No. of policies	No. of policies
Andaman & Nicobar Islands	9	0.03	378	0.68	-	-	-	-	-	59	0.01	-	-	-	-	-	-	-	-		
Chandigarh	3364	7.86	893	2.04	-	5360	7.19	1	0.09	-	1476	1.82	2507	7.82	1861	-	-	-	4975		
Dadra & Nagarhaveli	28	0.05	127	0.22	-	-	-	-	-	-	32	0.04	-	-	-	-	-	-	-		
Daman & Diu	47	0.08	204	0.33	-	-	-	-	-	-	162	0.07	-	-	-	-	-	-	-		
Delhi	33162	101.01	23838	58.89	615	1.74	35885	33.20	38172	148.39	163577	432.22	11462	19.13	42108	135.37	51132	127.79	14366		
Lakshadweep	1	0.0009	30	0.05	-	-	-	-	-	-	70	0.001	-	-	-	-	-	-	-		
Puducherry	246	0.66	2777	6.23	5	0.002	791	0.60	1	0.03	-	594	0.58	-	85	0.05	-	-	1812		
<b>Company Total</b>	<b>29795</b>	<b>690.25</b>	<b>208933</b>	<b>4207.18</b>	<b>570</b>	<b>776</b>	<b>426594</b>	<b>74288</b>	<b>52882</b>	<b>13726</b>	<b>195575</b>	<b>433349</b>	<b>22989</b>	<b>44326</b>	<b>16302</b>	<b>54637</b>	<b>55205</b>	<b>90619</b>	<b>119406</b>	<b>31372</b>	<b>460683</b>

\*It has been confirmed by the respective insurers that the no. of policies have been taken net of all cancellations including freelooks during the financial year.

# Does not include its overseas new business premium of Rs.18.92 crore.

## INDIVIDUAL NEW BUSINESS UNDERWRITTEN STATEWISE

(Premium in Rs crore)

State / Union Territory	Sahara*		SBI Life		Shriram		Tata AIG		State Total (Private)		LIC #		State Total (Industry)	
	No. of policies	Premium	No. of policies	Premium	No. of policies	Premium	No. of policies	Premium	No. of policies	Premium	No. of policies	Premium	No. of policies	Premium
Andhra Pradesh	1677	2.10	51496	143.98	60074	110.34	16502	18.00	626591	1200.25	3963914	3949.80	4590505	5150.05
Arunachal Pradesh	-	-	-	-	-	-	-	-	943	2.60	10835	14.07	11778	16.67
Assam	795	0.51	15190	13.74	-	-	12985	14.59	141954	246.12	798775	724.13	940729	970.26
Bihar	6504	6.49	22219	55.60	-	-	5569	6.41	265717	406.30	1750177	1388.87	2015894	1795.18
Chattisgarh	510	0.64	20954	66.80	-	-	412	1.39	52695	124.04	858191	886.85	910886	1010.89
Goa	-	-	565	2.64	-	-	-	-	19838	58.24	100828	136.34	120666	194.58
Gujarat	3025	2.41	34266	105.39	-	-	23767	29.57	553967	1281.11	1845845	2212.61	2399812	3493.73
Haryana	362	0.35	11722	45.74	-	-	6396	7.64	228594	461.05	636185	1094.86	864779	1555.91
Himachal Pradesh	-	-	3109	11.71	-	-	-	-	23008	53.04	309163	757.56	332171	810.59
Jammu & Kashmir	-	-	1585	4.74	-	-	-	-	53493	112.51	170388	383.42	223881	495.92
Jharkhand	751	1.14	13071	39.22	-	-	5652	10.46	147802	273.68	757356	722.19	905158	995.87
Karnataka	452	0.67	24310	87.92	4958	7.57	27546	35.65	442885	1001.90	2797491	2701.95	3240376	3703.85
Kerala	-	-	37588	168.73	1436	2.63	28878	35.74	463493	1373.04	1574917	2540.33	2038410	3913.36
Madhya Pradesh	2179	2.08	34572	107.41	2665	5.16	2618	1.22	205266	389.96	1801623	1956.98	2006889	2346.94
Maharashtra	895	1.11	54814	170.01	3321	6.11	64096	122.07	1374052	2886.77	4108629	4302.98	5482681	7189.75
Manipur	-	-	793	1.82	-	-	-	-	6998	3.44	33893	49.92	40891	53.36
Meghalaya	-	-	1057	1.37	-	-	-	-	8821	23.95	13840	21.40	22661	45.35
Mizoram	-	-	16	0.01	-	-	-	-	1366	14.64	6950	36.34	8316	50.98
Nagaland	-	-	379	0.35	-	-	-	-	3361	4.32	20571	41.08	23932	45.41
Orissa	2233	1.66	39047	102.92	-	-	16164	17.39	272138	486.39	1076835	815.84	1348973	1302.23
Punjab	81	0.04	18356	53.68	-	-	5667	6.92	350467	876.31	589717	1464.17	940184	2340.48
Rajasthan	6454	7.21	26063	69.07	-	-	24920	23.61	276630	515.55	1836161	2722.06	2112791	3237.61
Sikkim	-	-	192	0.73	-	-	-	-	6331	22.39	17213	29.34	23544	51.73
Tamil Nadu	109	0.16	76543	267.11	23623	49.37	30533	35.04	703657	1536.78	3124128	4077.78	3827785	5614.57
Tripura	-	-	316	0.46	-	-	-	-	10858	19.22	116811	121.86	127669	141.07
Uttar Pradesh	12007	12.37	30525	100.26	-	-	12800	13.30	605592	1229.63	4415855	4692.78	5021447	5922.41
Uttarakhand	494	0.46	3039	9.06	-	-	-	-	30599	62.43	476805	549.11	507404	611.54
West Bengal	1604	1.38	29251	79.40	-	-	63636	83.41	513634	982.14	3317660	2734.41	3831294	3716.55

## INDIVIDUAL NEW BUSINESS UNDERWRITTEN STATEWISE

State / Union Territory	(Premium in Rs crore)											
	Sahara*	SBI Life	Shriram	Tata AIG	State Total (Private)		LIC #	State Total (Industry)				
	No. of policies	No. of policies	No. of policies	No. of policies	No. of policies	No. of policies	No. of policies	No. of policies	No. of policies	Premium	Premium	Premium
Andaman & Nicobar Islands	-	198	-	-	-	644	30830	44.10	31474	48.76		
Chandigarh	150	2542	-	7201	10.43	30330	285673	794.75	316003	853.61		
Dadra & Nagarhaveli	-	65	-	-	-	252	61	0.01	313	0.64		
Daman & Diu	-	54	-	-	-	467	4477	5.45	4944	6.07		
Delhi	1114	9561	-	52927	68.53	488358	1322108	2660.42	1810466	3876.06		
Lakshadweep	-	-	-	-	-	101	144	0.02	245	0.07		
Puducherry	-	475	-	0.59	8320	16.32	34526	42846	55.79			
<b>Company Total</b>	<b>41396</b>	<b>565389</b>	<b>96077</b>	<b>408707</b>	<b>541.96</b>	<b>7919223</b>	<b>38208575</b>	<b>44673.25</b>	<b>46127798</b>	<b>61617.83</b>		

\*It has been confirmed by the respective insurers that the no. of policies have been taken net of all cancellations including freelooks during the financial year.

# Does not include its overseas new business premium of Rs.18.92 crore.

**INSURANCE COMPANIES OPERATING IN INDIA****LIFE INSURERS**

<b>Public Sector</b>	<b>Private Players</b>
1. Life Insurance Corporation of India (LIC)	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. TATAAIG Life Insurance Co. Ltd. (TATAAIG)
	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 Co. Ltd. (BHARTI AXA)
	16. Future Generali India Life Insurance Co. Ltd. (FUTURE GENERALI INDIA LIFE)

**NON-LIFE INSURERS**

<b>Public Sector</b>	<b>Private Players</b>
1. New India Assurance Co. Ltd. (NEW INDIA)	1. Bajaj Allianz General Insurance Co. Ltd. (BAJAJ ALLIANZ)
2. National Insurance Co. Ltd. (NATIONAL)	2. ICICI Lombard General Insurance Co. Ltd. (ICICI LOMBARD)
3. The Oriental Insurance Co. Ltd. (ORIENTAL)	3. IFFCO Tokio General Insurance Co. Ltd. (IFFCO TOKIO)
4. United India Insurance Co. Ltd. (UNITED)	4. Reliance General Insurance Co. Ltd. (RELIANCE)
5. Export Credit Guarantee Corporation Ltd. (ECGC)	5. Royal Sundaram Alliance Insurance Co. Ltd. (ROYAL SUNDARAM)
6. Agriculture Insurance Company of India Ltd. (AIC)	6. TATAAIG General Insurance Co. Ltd. (TATAAIG)
	7. Cholamandalam MS General Insurance Co. Ltd. (CHOLAMANDALAM)
	8. HDFC General Insurance Co. Ltd. (HDFC CHUBB)
	9. Star Health and Allied Insurance Company Limited (STAR HEALTH)
	10. Apollo DKV Insurance Co. Ltd. (APOLLO DKV)
	11. Future Generali India Insurance Co. Ltd. (FUTURE GENERALI INDIA)

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

## 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
38	IRDA (Reinsurance Cession) (Notification) Regulations, 2007

**APPOINTED ACTUARIES OF LIFE INSURERS  
(as on 31<sup>st</sup> March, 2007)**

---

Bajaj Allianz Life Insurance Co. Ltd.	Mr. Andrew Wakeling*
Reliance Life Insurance Co. Ltd.	Ms. Pournima Gupte
Aviva Life Insurance Co. India Pvt. Ltd.	Mr. Chandan Khasnobis
Birla Sun Life Insurance Co. Ltd.	Mr. Fabien Jeudy
HDFC Standard Life Insurance Co. Ltd.	Mr. N. D. Taket
ICICI Prudential Life Insurance Co. Ltd.	Mr. Azim Mithani
ING Vysya Life Insurance Co. Ltd.	Ms. Hemamalini Ramakrishnan
Life Insurance Corporation of India	Mr. G. N. Agarwal
Max New York Life Insurance Co. Ltd.	Mr. John Charles Poole
MetLife India Insurance Co. Pvt. Ltd.	Mr. K. P. Sarma
Kotak Mahindra Old Mutual Life Insurance Ltd.	Mr. A Venkatasubramanian
Sahara India Life Insurance Co. Ltd.	Mr. K. K. Dharni
SBI Life Insurance Co. Ltd.	Mr. I. Sambasiva Rao
Tata AIG Life Insurance Co. Ltd.	Mr. Heerak Basu
Shriram Life Insurance Co. Ltd.	Mr. N S Sastry
Bharti AXA Life Insurance Co. Ltd.	Mr. G L N Sarma

---

\* Mr. Anil Kumar Singh was appointed with effect from 01<sup>st</sup> July, 2007

**APPOINTED ACTUARIES OF NON-LIFE INSURERS**  
**(as on 31<sup>st</sup> March, 2007)**

---

Agriculture Insurance Co. of India Ltd.	Mr. S. Chidambaram
Bajaj Allianz General Insurance Co. Ltd.	Ms. Asha J Joshi
Cholamandalam MS General Insurance Co. Ltd.	Mr. M. Venkatesan
General Insurance Corporation of India (Life Re-Insurance Department)	Mr. T. Bhargava
General Insurance Corporation of India (Non-Life Re-Insurance Department)	Mr. D. K. Pandit
HDFC Chubb General Insurance Co. Ltd.	Mr. N. Lakshmanan
ICICI Lombard General Insurance Co. Ltd.	Mr. Liyaquat Khan
IFFCO Tokio General Insurance Co. Ltd.	Mr. A. P. Peethambaran
National Insurance Co. Ltd.	Mr. B. Chatterjee
The New India Assurance Co. Ltd.	Mr. A. R. Prabhu
Reliance General Insurance Co. Ltd.	Mr. N. G. Pai
Royal Sundaram Alliance Insurance Co. Ltd.	Mr. O. Lakshminarayana
TATA AIG General Insurance Co. Ltd.	Mr. K. Hanumantha Rao
The Oriental Insurance Co. Ltd.	Mr. P. C. Gupta
United India Insurance Co. Ltd.	Mr. S. Krishnan
Star Health and Allied Insurance Co. Ltd.	Mr. R. Soundararajan

---



## 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

**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

**LIFE INSURANCE PRODUCTS CLEARED DURING THE FINANCIAL YEAR 2006-07**

<b>Sl. No.</b>	<b>Life Insurer</b>	<b>Name of the Product /Riders</b>
1.	BAJAJ ALLIANZ LIFE	Bajaj Allianz Samraksha Bajaj Allianz New Unit Gain Super Bajaj Allianz Capital Unit Gain Bajaj Allianz New Unit Gain Easy Pension Plus - SP Bajaj Allianz Unit Gain Guarantee - SP Bajaj Allianz New Unit Gain Premier - SP Bajaj Allianz New Unit Gain Plus - SP Bajaj Allianz New Unit Gain Easy Pension Plus - RP Bajaj Allianz New Family Gain Bajaj Allianz New Unit Gain Plus Bajaj Allianz New Unit Gain Bajaj Allianz New Group Gratuity Care Bajaj Allianz New Group Superannuation Care Bajaj Allianz New Secure First Bajaj Allianz New Risk Care UL Accidental Death Benefit UL Accidental Permanent Total/Partial Disability Benefit UL Critical Illness Benefit UL Hospital Cash Benefit UL Mahila Gain Benefit
2.	RELIANCE LIFE	Reliance Connect 2 Life Plan Reliance Group Superannuation Plan Reliance Golden Years Plan Reliance Market Return Plan Reliance Golden Years Plan - Plus Reliance Golden Years Plan - Value Reliance Group Gratuity plan Reliance Money Guarantee Plan Reliance Auto Invest Plan
3.	AVIVALIFE	Home Builder Life Long Unit Linked Life Long With Profits Life Bond Unit Linked Life Bond With Profits Life Bond 5 Life Bond Plus Life Saver Unit Linked Life Saver With Profits Freedom Life Plan Group Gratuity Plan Young Achiever Unit Linked Young Achiever With Profits Pension Plus Unit Linked Pension Plus With Profits Treasure Plus Unit Linked Easy Life Plus Unit Linked Easy Life Plus With Profits Save Guard Save Guard Junior Group Superannuation Plan Life Saver Plus Grameen Suraksha Aviva Dhan Vriddhi

<b>Sl. No.</b>	<b>Life Insurer</b>	<b>Name of the Product /Riders</b>
4.	BIRLA SUN LIFE	Classic Life Premier Prime Life Single Premium Bond Prime Life Premier Life Companion Money Back Plan Life Companion Endowment Plan Birla Sun Life Group Gratuity Product Birla Sun Life Group Superannuation Product Birla Sun Life Flexi SecureLife Retirement Plan II Flexi Insurance Solutions Simply Life Supreme Life Birla Sun Life Dream Plan Birla Sun Life Children's Dream Plan Birla Sun Life Group Gratuity Guaranteed Interest Credit Product Birla Sun Life Group Leave Encashment Guaranteed Interest Credit Product Birla Sun Life Group Superannuation Guaranteed Interest Credit Product
5.	HDFC STANDARD LIFE	HDFC Unit Linked Young Star HDFC Unit Linked Young Star Plus HDFC Unit Linked Young Star Suvudha HDFC Unit Linked Young Star Suvudha Plus HDFC Unit Linked Endowment HDFC Unit Linked Endowment Plus HDFC Unit Linked Endowment Suvudha HDFC Unit Linked Endowment Suvudha Plus HDFC Unit Linked Pension HDFC Unit Linked Pension plus
6.	ICICI PRUDENTIAL LIFE	Cash Plus Diabetes Care (Critical Illness Insurance) Diabetes Care Plus (Critical Illness + Life Insurance) ICICI Pru Group Superannuation ICICI Pru Group Superannuation Platinum ICICI Pru Group Superannuation Plus Smartkid New Unit Linked Single Premium Invest Shield Cash Back Invest Shield Life -New Life Time plus Life Time Super Pension Premier Life Gold Smart Kid New UL RP ICICI Pru Group Gratuity platinum ICICI Pru Group Gratuity ICICI Pru Group Gratuity Plus Life Link Super Pension LifeTime Super Life Link Super ICICI Pru Credit Assure Hospital Care Cancer Care Plus ICICI Pru New Group Superannuation ICICI Pru New Group Superannuation Plus ICICI Pru New Group Superannuation Platinum Critical Illness Rider Accident Death and Disability Benefit Rider Waiver of Premium Rider Income Benefit Rider Diabetes Enhanced Rider

Sl. No.	Life Insurer	Name of the Product /Riders
7.	ING VYSYALIFE	ING Vysya Life Group Decreasing Mortgage Cover Plan High Life High Life Plus ING Vysya Life Group Superannuation Plan - Defined Benefit Scheme New Freedom plan New Future perfect plan New One Life Plan ING Vysya Group Gratuity ING Life Plus
8.	LIFE INSURANCE CORPORATION OF INDIA	LIC's New Bima Gold LIC's Gratuity Plus LIC's Market Plus Jeevan Akshay - V LIC's Jeevan Madhur LIC's Money Plus LIC's Child Career Plan LIC's Child Future Plan LIC's Premium Waiver Benefit Rider (with Auto Cover) LIC's Critical Illness Benefit Rider
9.	MAX NEWYORK LIFE	Unit Linked Group Gratuity Plan Life Invest Plan Max Amsure Secure Returns Builder Life Maker Pension Plan Life Maker Unit Linked Investment Plan Unit Linked Group Superannuation Plan Life Maker Premium Investment Plan
10.	MET LIFE	Met Smart Plus Met Smart Premier Met Advantage Plus Non-Par Immediate Annuity Met Smart Plus -Single Pay Met Smart Premier - Single Pay Met Group Gratuity Met Ultimate Premier Met Ultimate Plus Critical Illness Rider (Linked) Accident Death Benefit Rider (Linked)
11.	KOTAK MAHINDRA OLD MUTUAL LIFE	Kotak Flexi Plan Kotak Headstart Future Protect (Joint Life Plan) Kotak Headstart Future Protect (Single Life Plan) Kotak Headstart Assure Wealth (Joint Life Plan) Kotak Headstart Assure Wealth (Single Life Plan) Sukhi Jeevan Kotak Retirement Income Plan (Unit Linked) -without cover plan Kotak Retirement Income Plan (Unit Linked) - Single Premium plan Kotak Safe Investment Plan II Kotak Privileged Assurance Plan Kotak Easy Growth Plan (with 1.25 times cover) Kotak Easy Growth Plan (With 5 Times Cover) Kotak Retirement Income Plan (Unit Linked) - with cover plan Kotak Superannuation Grouplan Kotak Gratuity Grouplan - KGGP Kotak Platinum Advantage Plan

Sl. No.	Life Insurer	Name of the Product /Riders
12.	SBI LIFE	SBI Life Group Leavencashment cum Life Cover Scheme SBI Life Horizon II SBI Life Unit Plus II Regular SBI Life Unit Plus II Single SBI Life - Group Superannuation SBI Life Horizon II Pension SBI Life Unit Plus II Pension SBI Life Golden Gratuity SBI Life Group Immediate Annuity
13.	TATA AIG LIFE	Navakalyan Yojana Ayushman Yojana Invest Assure Plus Sampoorn Bima Yojana Invest Assure II Invest Assure Gold TATA AIG Unit Linked Gratuity Scheme II (ULGS-II) TATA AIG Unit Linked Super Annuation scheme II - Defined Contribution (ULSS-II)
14.	SAHARA INDIA LIFE	Sahara Sahayog (Micro Endowment Insurance without profit plan) Sahara Ankur Sahara Sanchay - R Sahara Samriddhi Sahara Swabhimaan Sahara Premium Waiver Benefit Rider for Unit Linked Plan Sahara Accidental Death Benefit and Accidental Total and Permanent Disability Benefit Rider (for unit linked plans)
15.	SHRIRAM LIFE	Shriplus Shri Laab Shri Vivah ShriPlus (SP) Shri Vidya Immediate Annuity Plan Shri Vishram Shri Sahay Accident Shield Accident Benefit Rider (SP) Family Income Benefit Rider (SP)
16.	BHARTI AXA LIFE	Wealth Confident Future Confident Bharti AXA FutureConfident II Bharti AXA Secure Confident Bharti AXA Save Confident Bharti AXA ServSuraksha Bharti AXA Invest Confident Bharti AXA Group Suraksha Critical Illness Rider Accidental Death and Disability Benefit Rider

## NON-LIFE PRODUCTS FILED BY INSURANCE COMPANIES UNDER FILE & USE PROCEDURES DURING THE FINANCIAL YEAR 2006-07

Name of the Insurer	Name of the Product
Agriculture Insurance Co. Ltd.	Potato Crop Input Insurance Poppy Insurance-Micro Insurance Bio-Fuel Insurance Policy Wheat Insurance Wheat Insurance (Modified) Weather Insurance (Rabi Crops) Weather Based Crop Insurance Scheme Varsha Bima - Microinsurance Policy Rainfall Insurance - Microinsurance Weather Insurance (Rabi Crops)- Microinsurance Rainfall Insurance
Bajaj Allianz	Coconut Palm and Yield Insurance Senior Citizen Health Plan Sankat mochan Policy Packaged Products Overseas Travel Policy Health Guard F&U Product- Health Ensure
Cholamandalam	Home Total Policy Office Total Policy Shop Total Policy Educational Institution Hotel Package Enterprise Package
ECGC	Individual post shipment guarantee
GIC	Terrorism Risk Insurance Pool
HDFC-CHUBB	Business Suraksha ClassiK Machinery Loss of Profit Advance Loss of Profit Educators Policy Employment Practices Liability Insurance Information and Network Technology Errors or Omissions Liability Insurance Commercial General Liability Insurance Livestock (Sheep & Goat) Insurance New Healthwise Policy



Name of the Insurer	Name of the Product
ICICI Lombard	Pharma guard Autoguard Secure mind policy Tax gain health insurance
IFFCO Tokio	Diamontaries Block Insurance Policy Errors & Omissions Technology Policy Dhanam Bon Voyage Nri Dhan Yatra Dhanam Vidhya Dhanam Micro Insurance Policy Fine Art Policy (Pvt Collectors' Policy) Fine Art Policy (Art Dealers and Gallery Owner Policy) Pravasi Bhartiya Bima Yojana Individual Medishield Kisan Suvidha Bima Policy Weather Insurance Policy Dhanam Suraksha PNB-Housing Finance Comprehensive General Liability Policy Extended Warranty Policy
National Insurance	Parivar Mediclaim Vidyarthi Mediclaim Dhanvawntri Mediclaim SBBJ National Medikavach Star National Swasthya Bima Varishta Mediclaim for senior citizens National Swasthya Bima Allbank National Mediclaim Scheme Naini National Health Mediclaim Insurance Policy Group Personal Accident – Kidzee Policy Individual & Group Mediclaim Policy DOS (Potatoes)
New India Assurance	Individual Mediclaim Policy, Group Mediclaim Policy, Janata Mediclaim, Family Floater Policy Senior Citizens Mediclaim Policy
Oriental Insurance	Micro-Insurance -Swasthya Bima Policy
Reliance General	Student Care Corporate Flexi Travel Home Loan Insurance Bankers Indemnity

Name of the Insurer	Name of the Product			
Royal Sundaram	Healthy Family Auto Loan Care Personal Loan Care Port Package Special Contingency Inland Travel Care Hotel and Restaurant Package Double Protect Insurance Health Care Insurance Health Infiniti Insurance Health Forever Insurance Medishield Insurance Income Protector Insurance Wind Energy Farmers Package			
	Star Health	Accident Trauma Care (Individual) Star Pravasi Bharatiya Bima Yojana STAR Care 'n' cash insurance Star Health Registration files Package Policies Star HIV Care Insurance Mediclassic Insurance (group) (Revised) Micro Health care Insurance Policy (Revised)		
		TATA-AIG General	Business Guard - Shop Policy (Small Business) Business Guard - Educational Institutions Policy (Small Business) Business Guard - Office Policy (Small Business) Business Guard - Package Policy (Small Business) Business Guard - Society (Small Business) Home Secure-Householders Accident & Health-Domestic Travel Protection Policy Accident & Health-Student Guard Plus Policy Accident & Health Product-Rural Insurance-Group PA Policy Accident & Health Product-Rural Insurance-Individual PA Policy Accident & Health Product-Micro Insurance-Individual PA Policy Accident & Health Product-Micro Insurance-Group PA Policy Accident & Health Product-Injury Guard Policy Business Guard-Agri-Pump Set (Small Business Solutions) Overseas Travel Insurance - Travel Guard	
			United India	Omp for schengen countries Uni micro insurance

**OBLIGATORY CESSIONS RECEIVED BY GIC**

<b>CLASS</b>	<b>LIMIT OF CESSION IN SUM INSURED OR PML</b>	<b>Reinsurance Commission</b>	<b>Profit Commission</b>
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	25.00%	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	12.50%	Nil
General Aviation Liability	No limit	12.50%	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, special contingency policies, etc.	Rs. 10 Crores sum insured per event	10%	Nil
Crop/Weather Insurance	Rs. 10 Crores sum insured per event	20%	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%

**REGISTERED BROKERS (STATE-WISE)**

S.No	State	No of Licensed Brokers as on 30-08-2007		
		Direct	Composite	Reinsurance
1	Maharashtra	53	19	4
2	Delhi	48	7	1
3	West Bengal	21	1	0
4	Tamil Nadu	18	2	0
5	Andhra Pradesh	17	2	0
6	Uttar Pradesh	15	0	0
7	Punjab	11	0	0
8	Karnataka	10	0	0
9	Gujarat	10	0	0
10	Kerala	6	0	0
11	Rajasthan	5	0	0
12	Chandigarh	5	0	0
13	Madhya Pradesh	3	0	0
	<b>Total</b>	<b>222</b>	<b>31</b>	<b>5</b>

**No of licenses granted to Brokers (Calendar year wise) as on 30-08-2007**

Year	Direct	Composite	Reinsurance	Total
2003	111	22	4	137
2004	42	6	Nil	48
2005	33	1	Nil	34
2006	21	1	Nil	22
2007	15	1	1	17
<b>Total</b>	<b>222</b>	<b>31</b>	<b>5</b>	<b>258</b>

## CIRCULARS / ORDERS / NOTIFICATIONS ISSUED BY THE AUTHORITY 2006-07

Sl.No.	Ref. No.	Date of Issue	Subject
1	001/NL/GEN/APR 06	4/19/2006	Tendering of Insurance Covers
2	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.
3	003/NL/GRV/SRP-06	4/22/2006	Third Party Insurance of Motor Vehicles - Refusal
4	004/NL/GEN/APR-06	4/22/2006	Predatory Pricing Practices on the eve of De-tariffing
5	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.
	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.
6	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 modifications to the regulations for protection of policy holder's interest.
7	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
8	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.
9	009/IRDA/BRO/MAY-06	5/26/2006	Brokers - On-life Filing of Annual Returns
10	010/IRDA/Actl/May-2006	5/26/2006	Life Insurance Products - Guidelines for Unit Linked Life Insurance Products
11	011/IRDA/ATI/Jun-06	6/23/2006	Addendum to On-line Agents Training Institute Guidelines.
	-	6/30/2006	Working Group on IRDA Investment Regulations
	ADM/ORD/76/JUNE-06	7/19/2006	Expert Committee on Brokers and Broker Related Issues
12	012/IRDA/F&A/Jul-06	7/24/2006	Obligations of insurers to rural and social sectors - Sixth year requirements
	IRDA/GI/Detariff/06	8/9/2006	Draft Revised File & USE Guidelines for General Insurance Products
13	013/IRDA/LIFE/JUL-06	7/27/2006	Guidelines on Anti-Money Laundering Programme for Insurers.

Sl.No.	Ref. No.	Date of Issue	Subject
14	-	8/16/2006	Notice of meetings of Constitution of Expert Committee to review the Regulations governing the licensing of Brokers.
15	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.
16	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.
17	IRDA/F&A/018/Aug-06	8/28/2006	On-line Filing of Monthly New Business Statistics by Life Insurers
18	019/IRDA/LIFE/SEP-06	9/26/2006	Guidelines on Anti-Money Laundering Programme for Insurers.
19	020/NL/IRDA/06	9/15/2006	Guidelines on Insurance and Reinsurance of General Insurance Risks
20	021/IRDA/F&U/SEP-06	9/28/2006	Guidelines on "File and Use" Requirements for General Insurance Products.
21	023/IRDA/F&U/Oct-06	10/23/2006	Guidelines on "File and Use" Requirements for General Insurance Products.
22	024/IRDA/F&U/Oct-06	10/30/2006	F&U Guidelines - Meeting with Compliance Officers
23	025/IRDA/R&D/Oct-06	11/8/2006	Data Collection by TAC Post Detariffing
24	026/IRDA/AML/Nov-06	11/9/2006	Guidelines on Anti-Money Laundering Programme for Insurers.
25	028/IRDA/PC/NOV-06	11/17/2006	Constitution of Publicity Committee - Inclusion of Sri Prabodh Chander, Executive Director as Member
26	029/IRDA/Leg/Nov-06	11/15/2006	Constitution of Consultative Committee under Section 110G of the Insurance Act, 1938.
27	030/IRDA/AML/Nov-06	11/20/2006	Guidelines on Anti-Money Laundering Programme for Insurers.
28	IRDA/TAC/031/Nov-06	11/28/2006	Sri Jagdish Prasad Meena elected as Member of the Tariff Advisory Committee
29	032/IRDA/F&U/06-07	12/4/2006	Motor Insurance Premium Rates for Third Party Liability Only Cover
30	033/IRDA/Brok-Comm/DEC-06	12/4/2006	Limits on Payment of Commission or Brokerage on General Insurance Business.
31	034/IRDA/De-Tariff/Dec-06	12/4/2006	Regulation of rates, terms and conditions of general insurance business.
32	035/IRDA/Motor-TP/Dec-06	12/4/2006	Motor Third Party Insurance - Direction under Sec.34 of Insurance Act.

Sl.No.	Ref. No.	Date of Issue	Subject
33	036/IRDA/ACTL/ARC/2006-07	12/8/2006	Actuarial Review Committee - Induction of Sri PA Balasubramanian as Member
34	037/IRDA/F&U/Dec-06	12/15/2006	Guidelines on F&U requirements of general insurance products - Issuance of notices for renewals due in the month of January 2007.
35	IRDA/INV/CIR/038/2006-07	12/20/2006	Investments in 8.13% oil marketing companies; GOI special bonds 2021
36	IRDA/039/F&U/06-07	12/22/2006	F&U Guidelines - Forms for submission to Board-Exposure Draft.
37	40/IRDA/F&U/Dec-06	12/25/2006	Guidelines for File & Use requirements for general insurance products - Issuance of notices for renewals due in the month of January, 2007
38	041/IRDA/BOO/Dec-06	12/28/2006	Closure/Relocation of places of business
39	IRDA/042/For Office/06-07	1/8/2007	Guidelines for opening of representative / liaison offices overseas by Indian Insurance company registered with IRDA.
40	043/IRDA/De-Tariff/Jan-07	1/23/2007	Motor Insurance Premium Rates for Third Party Liability Only Cover
41	046/IRDA/ACTL/AAAR/Ver2.0	1/31/2007	Appointed Actuary's Annual Report - Life Insurance Business.
42	47/IRDA/ACTL/FUP/VER4.0/JAN 2007	1/31/2007	File & Use Procedure - Life Insurance Products - Unique Identification Number (ID)
43	048/IRDA/ACTL/FUP/VER3.0/JAN-2007	1/31/2007	File & Use Procedure - Life Insurance Products
44	049/IRDA/ACTL/FUP/VER4.0/JAN 2007	1/31/2007	Note for the Use of Appointed Actuaries for the Preparation of Actuarial Report & Abstract for the year ended 31.3.2007.
45	050/IRDA/Mot-TP/feb-07	2/5/2007	Motor Third Party Insurance Pool
46	053/IRDA/Actl/ULIP G/ February-07	2/20/2007	Money Market Instruments in Unit Linked Products
47	054/IRDA/F&A/FEB-07	2/20/2007	Unit Linked Disclosure Norms
48	055/IRDA/F&A/FEB-07	2/21/2007	Applicability of Revised AC-15
49	056/IRDA/ACTL/Solvency Margin/ February-07	2/23/2007	Reporting of Maintenance of Solvency Ratio - Quarterly basis.
50	057/IRDA/AML/MAR-07	3/2/2007	Guidelines on Anti-Money Laundering Programme for Insurers.
51	25/IRDA/F&U058/06-07	3/13/2007	Filing of Premium Rates for Fire & Engineering insurances (including AIR & Petrochemical) & clearance thereof
52	59/IRDA/AGENCY/MAR2007	3/22/2007	Publishing of updated details of Corporate Agents on Insurers websites.



Sl.No.	Ref. No.	Date of Issue	Subject
53	060/IRDA/R&O/Cir/Mar-07	3/23/2007	Constitution of Core IT Team for TAC.
54	061/IRDA/Motor-TP/Mar-07	3/29/2007	Motor Third Party Insurance Pool - Direction under Sec.34 of the Insurance Act, 1938
55	062/IRDA/Motor-TP/Mar-07	3/29/2007	Motor Third Party Insurance Pool
56	063/IRDA/F&A/Mar-07	3/29/2007	Solvency Margin in respect of Motor Pool
57	064/IRDA/AGENCY/MAR2007	3/30/2007	Insurance Qualificaiton of the Corporate Agent.
58	IRDA/F&A/001/Apr-07	4/16/2007	United Linked Diclosure Norms
59	IRDA/F&A/002/Apr-07	4/16/2007	Declaration of Bonus under Sec.49 of the Insurance Act, 1938.
60	IRDA/F&A/003/Apr-07	4/16/2007	Monthly premium data by all non-life insurers - furnishing of details in the prescribed format.
61	004/IRDA/IT/APR-07	4/26/2007	Change of E-mail IDs of IRDA officials
62	IRDA/LEGAL/CIR/005/APR-07	4/27/2007	Premanent Lok Adalat for Public Utility Services at Hyderabad.
63	IRDA/F&A/006/Apr-07	4/30/2007	Regulations on Rural and Social Sector Obligations, 2007
64	007/IRDA/CIR/ADV/MAY-07	5/14/2007	Guidelines on Advertisement, Promotion & Publicity of Insurance Companies and insurance intermediaries
65	008/IRDA/Actl/ULIP_G/May-2007	5/11/2007	Life Insurance Products - Guidelines for Unit Linked Insurance Products
66	IRDA/010/F&U/07-08	5/19/2007	Filing of products and rates and terms - Authority F&U guidelines dated 28/9/2007
67	011/IRDA/CIR/BRO/May-07	5/21/2007	Insertion of word 'Insurance Boker/Brokers/ Broking - in the name of the company.
68	012/IRDA/NOT/BRO/MAY-07	5/21/2007	Insertion of word 'Insurance Boker/Brokers/ Broking - in the name of the company applying for a Broker License.
69	014/IRDA/NOT/BRO/MAY-07	5/23/2007	Documentation & Procedural requirements for obtaining broker license.
70	015/IRDA/CIR/LIFE/May-07	5/24/2007	Furnishing of Statistics by Life Insurers
71	017/IRDA/CIR/LIFE/June-07	6/8/2007	Building up of database on places of business/ offices of insurers
72	019/IRDA/CIR/LIFE/June-07	7/4/2007	Monthly reporting of places of business/offices of insurers
73	IRDA/20/F&U/07-08	6/25/2007	Amendments to File & Use Guidelines - Premium Rates of Fire, Engineering and Workmen's Compensation Classes of Insurance.
74	021/IRDA/ACTL/FUP/ VER1.0/JULY 2007/	7/4/2007	File & Use Procedure for Riders - General Instructions to Life Insurers

S.No.	Ref. No.	Date of Issue	Subject
75	022/CIR/IRDA/AML/JUL-07	7/6/2007	Guidelines on Anti-Money Laundering Programme for Insurers
76	IRDA/23/F&U/07-08	7/9/2007	Amendments to File & Use Guidelines - Premium Rates of Fire, Engineering and Workmen's Compensation Classes of Insurance.
77	IRDA/024/Closure-FLO/2007-08	7/17/2007	Guidelines for closure of liaison office established in India by insurance companies registered outside India
78	025/IRDA/Actl/F&U Procedure/LP/July-2007	7/26/2007	Provisions made in the Proposal Forms for Unit Linked Products
79	026/IRDA/LEGAL/CIR/JUL-07	7/25/2007	Judgement of the Hon'ble Supreme Court in National Insurance Co. Ltd. Vs Smt. Sobina lakai - Period of commencement of insurance policy.
80	027/IRDA/MOTOR/CIR/JUL-07	7/30/2007	Vintage Cars - Premium rates
81	028/IRDA/LEGAL/CIR/AUG-07	8/13/2007	IRDA (Protection of Policyholder's Interests) Regulations, 2002 - Supply of copy of survey report
82	029/IRDA/LEGAL/CIR/AUG-07	8/13/2007	Imposter - Mr. J Mohapatra fraudulently representing as Advisor to IRDA.
83	IRDA/030/F&U/07-08	8/13/2007	Non-life insurance - further relaxation of price controls.
84	031/IRDA/CIR/COMPLIANCE/AUG-2007	8/23/2007	Appointment of CEO/MD - Approval under Section 34A of Insurance Act, 1938.
85	032/IRDA/ACTL/FUP/VER 5.0/SEP 2007	9/6/2007	Life Insurance Products - File & Use Procedure
86	IRDA/ORD/F&A/033/SEP-07	9/10/2007	Levy of Penalty under Section 105 B of the Insurance Act, 1938 - Life Insurers
87	IRDA/ORD/F&A/034/SEP-07	9/10/2007	Levy of Penalty under Section 105 B of the Insurance Act, 1938 -General Insurers
88	INV/CIR/035/2007-08	9/10/2007	FIMMDA Reporting Platform for corporate bond transactions - Reg.
89	IRDA/036/IR Returns/07-08	9/17/2007	Submission of RI returns under Regulations 3(12) of the IRDA's (General Insurance - Reinsurance) Regulations, 2000
90	IRDA/Life/Dist.Channel/037/ 2007-08	9/21/2007	Constitution of Committee to look into the issues of Distribution Channels
91	38/IRDA/AGENCY/Sep 2007	9/24/2007	Publishing updated details of individual agents on insurers website.

**ANNUAL STATEMENT OF ACCOUNTS FOR THE YEAR ENDED  
MARCH 31, 2007**



## AUDIT CERTIFICATE

I have audited the attached Balance Sheet of Insurance Regulatory and Development Authority as at 31<sup>st</sup> March 2007 and the Income and Expenditure Account, Receipts and Payments Account. Preparation of these financial statement is the responsibility of the 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 observations in the Audit Report annexed herewith, I report that the Balance Sheet and the Income and expenditure Account / Receipt and Payment Account deal with by this report are properly drawn up and are in agreement with the books of accounts.
3. In my opinion and to the best of my information and according to the explanations given to me:
4. (i) the accounts give the information required under the earlier prescribed format of accounts:  
(ii) the said Balance Sheet, Income and Expenditure Account / Receipts and Payments accounts read together with the Accounting Policies and Notes thereon, and other matters mentioned in the 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 31<sup>st</sup> March 2007 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

Date: 26.11.07

*Sd/-*  
**Director General of Audit**  
**Central Revenues**

## AUDITOR'S REPORT

### AUDIT REPORT ON THE ACCOUNTS OF INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD FOR THE YEAR 2006-07

#### 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 main function of the Authority are to protect the interest of policy holders, bring about speedy and orderly growth of the insurance industry and set, promote, monitor and enforce high standards of integrity, financial soundness, fair dealing and competence of those it regulates.

The audit of the accounts of the Authority was conducted under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 17 of the IRDA Act, 1999.

During 2006-07, the Authority's income was Rs. 82.32 crore, mainly from fees received from various insurance companies / agents on account of registration, renewal charges and income from investments etc. The receipts of the Authority are being held in bank accounts despite directions of the Ministry of Finance for keeping the funds in Public Accounts of India as non-interest bearing account. As of 31 March 2007, funds amounting to Rs. 233.78 crore were kept in interest bearing deposits with schedule banks.

#### Comments on accounts

### 2 Balance Sheet

#### 2.1 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 Authority are to be credited to IRDA fund after meeting day to day expense. The Authority had credited Rs. 8.93 lakh to the IRDA fund, which represented the value of assets transferred by Interim Regulatory Authority during the year 2000-01. The surplus funds of Rs. 196.83 crore after meeting the expenditure were kept in 'Surplus and Funds' which should have been transferred to IRDA fund.

Place: New Delhi  
Date: 26.11.07

Though this matter was pointed out during 2002-03 to 2005-06, the Authority has not credited the surplus to the IRDA fund. As a result IRDA fund was understated to the extent of Rs. 196.83 crore.

The Authority stated (September 2006) that as per the format of account notified under IRDA (Form of Annual Statement of Accounts and Records) Rule, 2001, the excess of income over expenditure was to be added to the head 'Surplus and Fund' and any deviation in this exhibition will be a violation in the Rules made by Government of India in consultation with the CAG of India.

The reply of the Authority is not tenable as the heading IRDA funds 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 account.

#### 2.1.2. Non provision of rent due to LIC

No provision for expenditure on account of rent dues for 2006-07 (Rs. 24.72 lakh), variable charges and parking charges (Rs. 2.67 lakh), telephone, electricity and water charges (Rs. 0.83 lakh) had been made resulting in understatement of expenses and understatement of Sundry Debtors by the same amount.

### 3 General

#### 3.1 Physical verification of fixed assets

Physical verification of the fixed asset had not been conducted during 2006-07.

### 4 Format of Accounts

The Authority has not adopted the common format of accounts introduced vide Ministry of Finance, Controller General of Accounts D.O.No. CDN/MF-CGA/98-99/Pt.file/576-627 dated 3.1.2002 and further clarification issued vide O.M.No.F.N.10(1)/Misc./2005/TA/450-490 dated 23.7.2006.

5 Deficiencies, warranting the attention of the management which have not been included in the audit report, have been brought to the notice of the Executive Director (Admn), IRDA through a management letter issued separately for corrective and remedial action.

Sd/-  
**Director General of Audit**  
**Central Revenues**

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**  
Balance Sheet as at 31 st March 2007

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.)
<b><u>GENERAL FUND</u></b>					
893,244	i) IRDA Fund [See Note 4]	893,244	24,006,503	-Gross Block	30,220,890
-	-At beginning of the year	-	14,146,334	-Less:Depreciation	17,639,842
893,244	-Receipts in the year	893,244	9,860,168	-Net Block	12,581,047
-	-Balance at end of the year	-	-	-Capital Work-in-Progress	-
<b><u>INVESTMENTS [See Note 2]</u></b>					
-	ii) Capital Fund	-	-	(Method of Valuation - at Cost)	-
-	-Capital Grants	-	-	- i) Securities of Central and State Government	-
-	-Balance at the beginning of the year	-	-	ii) Units	-
-	Add: Value of Fixed Assets received as grants during the year	-	-	iii) Fixed Deposits with scheduled Bank	2,337,834,143
857,913,846	iii) Surplus and Funds	1,295,133,873	1,606,001,000	iv) Others	-
-	-Balance as per last Balance Sheet	-	-		-
437,220,027	Add: Excess of Income over expenditure as per Income and Expenditure Account - Annexed	673,146,935	-		-
<b><u>CURRENT ASSETS, LOANS AND ADVANCES [See Note 3]</u></b>					
1,295,133,873	Less: Excess of Expenditure Over Income as per Income and Expenditure Account - Annexed	1,968,280,807	981,038	i) Deposits	981,154
-	- Balance at the end of the year	-	15,071,029	ii) Loans & Advances to Staff	25,607,257
-	iv) Gift and Donations	-	69,100	iii) Amount Due from Insurance Companies & Other	69,100
-	v) Other Balances	-	48,892,921	iv) Other Current Assets	98,753,216
-	- i) Secured (stating the security offered for the purpose)	-	-	v) Cash & Bank Balances	-
-	- ii) Unsecured	-	12,291	a) Cash in Hand	45,000
-	- iii) Loan from Government of India	-	32,709	b) Cash in Transit	-
-	- iv) Other Loans	-	8,444,945	c) Bank Balances	6,083,017

# INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD

## Balance Sheet as at 31 st March 2007

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.)
	<b>CURRENT LIABILITIES AND PROVISIONS</b>				
	[See Note 5]				
51,336	i) SUNDRY CREDITORS:	51,336			
47,843,910	-for Capital Items	56,885,314			
	-for Other Items				
106,500	ii) PROVISIONS:	106,500			
-	-Provision for doubtful debts and advances	-			
-	-Provision for depletion in value of investment	-			
	iii) OTHER LIABILITIES:				
-	1. Unspent Grants	-			
-	2. Interest payable to Government/Other Loans	-			
361,040	3. Provident, Retirement & Other Welfare Funds:				
	(a) Provident Fund	-			
5,900,382	(b) Other Welfare Funds	-			
	(c) Retirement Benefit Fund and Staff Benefit Fund:	7,549,089			
1,488,905	4. Others (Specify)	1,210,790			
337,519,414	-other Liabilities (Tax deducted at source)	446,884,106			
66,597	-Registration Renewal fee received in Advance	92,747			
	-Soft Furnishing Recovery				
1,689,365,201		2,481,953,934	1,689,365,201		2,481,953,934

### Significant Accounting Policies and Notes Forming Part of Accounts - Annexure IX

#### Notes

- The information relating to Fixed Assets is given in Annexure I.
- The information relating to Investments is given in Annexure II.
- The information relating to Current Assets, Loans and Advances is given in Annexure III.
- 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).
- Details of Contingent Liabilities is given in Annexure V.
- All information relating to significant accounting policies and notes forming part of accounts is given in Annexure IX.
- All annexures to Statement of Affairs and notes/information relating to accounting policy forming part of Accounts.

**Sd/-**  
**(K. Jagan Mohan Rao)**  
Chief Accounts Officer

**Sd/-**  
**(G. Prabhakara)**  
Member

**Sd/-**  
**(R. Kannan)**  
Member

**Sd/-**  
**(K.K. Srinivasan)**  
Member

**Sd/-**  
**(C. R. Muralidharan)**  
Member

**Sd/-**  
**(C.S.Rao)**  
Chairman



## INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

FIGURES FOR THE PREVIOUS YEAR (Rs.)	EXPENDITURE	FIGURES FOR THE CURRENT YEAR (Rs.)	INCOME	FIGURES FOR THE CURRENT YEAR (Rs.)
2,640,363	Payment to Chairperson and Members	2,508,804	Grants in Aid	
37,864,418	Payment to and Provision for members of Staff [See Note 1]	39,967,022	Received	-
69,785,045	Establishment Expenses [See Note 2]	98,117,694	Receivable	-
1,832,703	Rent	1,527,943	Less: Transferred to Capital Fund	-
-	Research & Consultation Fees	-	Registration Fees	-
-	Seminars, Conference, Publications, etc. [See Contra]	-	Agents	-
-	Interest [See Note 3]	-	Surveyors and Insurance intermediaries	1,525,845
2,698,356	Depreciation	3,493,508	Brokers	800,000
-	Capital Assets Written Off	-	Third Party Administrators	80,000
-	Loss on Write Off of Asset	-	Insurance Companies	50,000
-	Provision for doubtful debts and advances	-	Renewal Fees	-
154,700	Development Expenditure	-	Insurance Companies	320,616,957
2,357,195	Promotional Expenditure	2,327,621	Brokers	13,782,509
370,644	Other Expenses	40,883	Agents	321,858,450
3,176,328	Fringe Benefit Tax	2,112,969	Surveyors and Insurance intermediaries	-
437,220,027	Excess of Income Over Expenditure for the year carried down	673,146,935	Third Party Administrators	60,000
			Others	-
			Penalties, Fines etc.	-
			Seminar, Conferences and Publications etc.	-
			Income on Investments - Interest on deposits with Scheduled Banks	160,715,567
			Interest on Deposits	-
			Interest on advances	-
			i) granted to members of staff for housing purposes	657,776
			ii) granted to members of staff for other purposes	305,680
			iii) Others	-
			Miscellaneous Income	2,790,594
558,099,779		823,243,378		823,243,378
				558,099,779

### Significant Accounting Policies and Notes Forming Part of Accounts - Annexure IX

#### Notes

The information relating to payment to and provision for employees is given in Annexure VI.  
The information relating to establishment expenses is given in Annexure VII.  
The information relating to interest amount is given in Annexure VIII.

All Annexures to Income and Expenditure Account and Notes/Information relating to Significant Accounting Policies form part of accounts.

**Sd/-**  
**(K. Jagan Mohan Rao)**  
Chief Accounts Officer

**Sd/-**  
**(G. Prabhakara)**  
Member

**Sd/-**  
**(R. Kannan)**  
Member

**Sd/-**  
**(K. K. Srinivasan)**  
Member

**Sd/-**  
**(C. R. Muralidharan)**  
Member

**Sd/-**  
**(C. S. Rao)**  
Chairman

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD  
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007**

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	8,444,945	2	By Seminars, Conference, Publications etc.	-
ii)	Cash in hand	12,291	3	By Rent Payments	2,389,738
iii)	Cheques on hand	-	4	By Development Expenditure	-
iv)	Cash / Cheques in transit	32,709	5	By Promotional Expenditure	2,513,653
2	To Registration Fees	50,000	6	By Payment to Chairperson and Members	-
-Insurance Companies		80,000	(i)	Pay and Allowances	2,074,945
-Third Party Administrators		700,000	(ii)	Other Benefits	126,478
-Insurance Brokers		-	(iii)	Travelling Expenses	7,957,243
-Insurance Agents		-	By Establishment Expenses		
-Insurance Surveyor		1,525,845	(i)	Pay and Allowances	35,413,833
-Others		-	(ii)	Other Benefits	2,675,015
3	To Registration Renewal Fees	424,992,099	(iii)	Travelling Expenses	10,812,225
-Insurance Companies		60,000	(iv)	Retirement Benefits	4,774,877
-Third Party Administrators		-	By Office Expenses		
-Insurance Surveyors		326,848,000	By Interest on		
-Insurance Agents		13,782,509	(i)	Government Loans	-
-Insurance Brokers		-	(ii)	Other Loans	-
-Others		-	By Purchase of Assets		
4	To Penalties, Fines from insurers and intermediaries	2,000,000	By Capital Work-in-Progress		
5	To Seminar, Conferences etc.	-	By Advances to staff and others including travel advance	29,519,015	
6	To Income from Investments	-	By Investments	1,960,834,143	
7	To Sale of Investments	1,229,001,000	By Repayment of Government Loans/ fees	-	
8	To Grants	-	By Repayment of Other Loans	-	
i)	Central Government / State Govt/ Others	-	By Other Expenses	5,000,000	
ii)	Gift and Donations	-	By Payments to IIRM	2,112,969	
9	To Loans	-	By Fringe Benefit Tax	119,646	
10	To Sales of Publication etc.	-	By Security deposit paid	-	
11	To Sale of Assets	-	-	-	
12	To interest received on	110,019,815	-	-	
- Deposits		-	-	-	
- Advances		-	-	-	
- Others		-	-	-	
13	To Recoveries from Employees	21,229,074	By Balance carried forward	6,083,017	
(a)	Loans and Advances	151,883	i)	Cash at Bank	45,000
(b)	Interest on Loans and Advances	173,816	ii)	Cash in hand	-
(c)	Misc. Recoveries	616,778	iii)	Cheques in hand	-
14	To Other Receipts	15,000	iv)	Cash/ Cheques in Transit	-
(a)	Miscellaneous Income	119,530	-	-	
(b)	Security deposit from Contractors	7,226,814	-	-	
(c)	Security deposit received back	-	-	-	
(d)	Receipts from PFRDA	-	-	-	
		<b>2,147,082,108</b>			<b>2,147,082,108</b>

**Sd/-**  
**(K.Jagan Mohan Rao)**  
Chief Accounts Officer

**Sd/-**  
**(K.K.Srinivasan)**  
Member

**Sd/-**  
**(G.Prabhakara)**  
Member

**Sd/-**  
**(C. R. Muralidharan)**  
Member

**Sd/-**  
**(R.Kannan)**  
Member

**Sd/-**  
**(C.S.Rao)**  
Chairman

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**  
**Schedule of Fixed Assets annexured to and forming part of Balance Sheet as on 31st March 2007**

Particulars	GROSS BLOCK			DEPRECIATION		NETBLOCK			
	Cost as 1.04.2006	Additions During the Year	Sold/Disposed Off During the Year	Total as on 31.03.2007	As on 1.04.2006	For the year	Adjustments	As at 31.03.2007	As on 31.03.2006
Office Premises									
(a) Land	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-
Residential Flats									
(a) Land	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-
Vehicles	577,255	0		577,255	400,092	45,868	-	445,960	177,163
Equipments	4,656,381	1,006,995		5,663,376	1,812,290	460,383	-	2,272,673	2,844,091
Furniture and Fixtures	4,715,587	1,463,552		6,179,139	2,250,065	567,296	-	2,817,361	2,465,522
Computers	13,730,216	3,537,648		17,267,864	9,356,823	2,213,769	-	11,570,592	4,373,393
Books	327,064	206,192		533,256	327,064	206,192	-	533,256	0
<b>Total</b>	<b>24,006,503</b>	<b>6,214,387</b>		<b>30,220,890</b>	<b>14,146,334</b>	<b>3,493,508</b>	<b>0</b>	<b>17,639,842</b>	<b>9,860,169</b>

Sd/-  
**(K.Jagan Mohan Rao)**  
*Chief Accounts Officer*

Sd/-  
**(G.Prabhakara)**  
*Member*

Sd/-  
**(R.Kannan)**  
*Member*

Sd/-  
**(K.K.Srinivasan)**  
*Member*

Sd/-  
**(C. R. Muralidharan)**  
*Member*

Sd/-  
**(C.S.Rao)**  
*Chairman*

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**  
**Attached to and Forming Part of Balance Sheet as at 31 March 2007**

**INVESTMENTS**

31-Mar-07

Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest accrued but not due
Andhra Bank, Hyderabad	30-Jun-05	50,000,000	6.50%	457	30-Jun-08	6,073,459
		<b>50,000,000</b>				<b>6,073,459</b>
Bank of India, Hyderabad	24-Jun-03	5,000,000	6.00%	451	24-Jun-08	1,279,291
	30-Jun-03	5,000,000	6.00%	454	27-Jun-08	1,273,039
		<b>10,000,000</b>				<b>2,552,330</b>
Bank of Maharashtra Hyderabad	22-Sep-06	5,000,000	8.40%	175	22-Sep-07	225,583
	23-Sep-06	5,000,000	8.40%	176	23-Sep-07	224,367
	7-Nov-06	7,000,000	8.35%	221	7-Nov-07	237,288
	13-Jan-07	15,000,000	9.25%	288	13-Jan-08	300,625
	23-Mar-07	12,000,000	11.15%	358	23-Mar-08	37,167
		<b>44,000,000</b>				<b>1,025,030</b>
Canara Bank, Hyderabad	31-Mar-07	327,636,453	11.30%	365	30-Mar-08	102,841
	31-Mar-07	121,321,313	11.30%	365	30-Mar-08	38,081
		<b>448,957,766</b>				<b>140,922</b>
ICICI Bank Hyderabad	23-Aug-06	15,000,000	8.40%	145	23-Aug-07	786,205
	5-Sep-06	20,000,000	8.50%	158	5-Sep-07	996,933
	29-Mar-06	300,000,000	9.35%	365	30-Mar-08	29,732,609
	3-Jan-07	50,000,000	9.30%	277	2-Jan-08	1,136,667
	30-Mar-07	109,514,766	11.90%	365	30-Mar-08	72,401
	31-Mar-07	109,361,611	11.90%	366	31-Mar-08	36,150
		<b>603,876,377</b>				<b>32,760,965</b>
Indian Overseas Bank, Hyd	2-Apr-05	30,000,000	7.00%	3	3-Apr-07	4,526,770
		<b>30,000,000</b>				<b>4,526,770</b>
ING Vysya Bank Ltd.	12-Dec-06	15,000,000	8.15%	12	12-Apr-07	374,925
	25-May-06	7,500,000	6.75%	55	25-May-07	446,755
	30-Jun-06	16,000,000	7.30%	91	30-Jun-07	909,211
	17-Aug-06	7,500,000	8.00%	139	17-Aug-07	384,498
	31-Aug-06	7,500,000	8.00%	153	31-Aug-07	360,222
	28-Feb-07	9,500,000	8.75%	334	28-Feb-08	73,889
	1-Mar-07	8,000,000	8.75%	336	1-Mar-08	60,278
	21-Mar-07	7,500,000	7.75%	81	20-Jun-07	17,760
	31-Mar-07	8,000,000	7.75%	91	30-Jun-07	1,722
		<b>86,500,000</b>				<b>2,629,260</b>
Karur Vysya Bank Ltd.	1-Nov-06	15,000,000	8.45%	215	1-Nov-07	536,183
	22-Nov-06	12,500,000	8.40%	236	22-Nov-07	381,617
		<b>27,500,000</b>				<b>917,800</b>

**ANNUAL REPORT 2006-07**

Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest accrued but not due
Lakshmi Vilas Bank, Hyd	12-Dec-06	15,000,000	8.05%	12	12-Apr-07	370,308
		<b>15,000,000</b>				<b>370,308</b>
Oriental Bank of Commerce	2-Aug-06	22,500,000	8.20%	124	2-Aug-07	1,262,867
	2-Feb-07	17,500,000	9.40%	308	2-Feb-08	265,028
	16-Feb-07	10,000,000	9.70%	322	16-Feb-08	118,556
		<b>50,000,000</b>				<b>1,646,451</b>
Punjab National Bank	27-Dec-06	135,000,000	9.10%	271	27-Dec-07	3,245,757
	28-Dec-06	100,000,000	9.20%	272	28-Dec-07	2,404,573
		<b>235,000,000</b>				<b>5,650,330</b>
State Bank of India, Hyd.	19-Jun-06	15,000,000	7.50%	80	19-Jun-07	912,535
	17-Jul-06	15,000,000	7.50%	108	17-Jul-07	820,750
		<b>30,000,000</b>				<b>1,733,285</b>
Syndicate Bank	26-Sep-06	10,000,000	8.40%	179	26-Sep-07	441,437
	5-Oct-06	12,500,000	7.75%	188	5-Oct-07	483,581
	10-Oct-06	15,000,000	8.05%	193	10-Oct-07	585,874
	19-Dec-06	30,000,000	8.55%	263	19-Dec-07	735,855
	20-Dec-06	10,000,000	8.55%	264	20-Dec-07	242,859
	21-Dec-06	40,000,000	8.60%	265	21-Dec-07	967,371
	23-Dec-06	70,000,000	8.83%	267	23-Dec-07	1,703,186
	29-Dec-06	20,000,000	8.90%	273	29-Dec-07	460,163
	30-Dec-06	40,000,000	8.90%	274	30-Dec-07	910,218
	30-Dec-06	15,000,000	8.90%	274	30-Dec-07	341,332
	9-Mar-07	30,000,000	10.50%	344	9-Mar-08	201,250
	17-Mar-07	6,000,000	10.10%	352	17-Mar-08	25,250
	31-Mar-07	250,000,000	11.50%	366	31-Mar-08	79,861
			<b>548,500,000</b>			
UCO Bank	19-Apr-06	10,000,000	8.10%	19	19-Apr-07	803,874
	15-Jul-06	15,000,000	8.00%	106	15-Jul-07	883,440
		<b>25,000,000</b>				<b>1,687,314</b>
UTI Bank Ltd.	19-Apr-06	30,000,000	7.70%	19	19-Apr-07	2,289,234
	20-Apr-06	30,000,000	7.70%	20	20-Apr-07	2,282,440
	18-Jul-06	15,000,000	7.50%	109	18-Jul-07	817,506
		<b>75,000,000</b>				<b>5,389,180</b>
Vijaya Bank	22-Jul-06	16,000,000	8.00%	113	22-Jul-07	916,442
	15-Dec-06	12,500,000	8.66%	259	15-Dec-07	322,850
	3-Mar-07	30,000,000	10.35%	337	2-Mar-08	250,125
		<b>58,500,000</b>				<b>1,489,417</b>
<b>Grand Total</b>		<b>2,337,834,143</b>				<b>75,771,058</b>
<b>2. Others</b>						
(a) Quoted-Cost and Market value					Nil	
(b) Unquoted					Nil	

Sd/-  
(K.Jagan Mohan Rao)  
Chief Accounts Officer

Sd/-  
(G.Prabhakara)  
Member

Sd/-  
(R.Kannan)  
Member

Sd/-  
(K.K.Srinivasan)  
Member

Sd/-  
(C. R. Muralidharan)  
Member

Sd/-  
(C.S.Rao)  
Chairman

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**  
Attached to and forming part of balance sheet as at 31st March 2007

**CURRENT ASSETS, LOANS AND ADVANCES**

PARTICULARS	Figures for the Current Year Rs	Figures for the Previous Year Rs
<b>DEPOSITS</b>		
-For Premises	811,001	817,185
-with Others - MTNL	38,030	31,730
- with Electricity	128,123	128,123
- For Fuel	4,000	4,000
	<b>981,154</b>	<b>981,038</b>
<b>LOANS &amp; ADVANCES TO STAFF</b>		
- Housing Loan to Staff	15,437,045	8,278,661
- Loans to Staff for other purposes	7,528,503	4,805,161
- Other Advances - Festival	319,170	243,620
- Interest Recoverable	2,137,088	1,325,515
- Advance - others	185,451	418,072
<b>TOTAL</b>	<b>25,607,257</b>	<b>15,071,029</b>
<b>AMOUNTS DUE FROM INSURANCE COMPANIES &amp; OTHERS</b>		
- 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]	-	-
<b>TOTAL</b>	<b>69,100</b>	<b>69,100</b>
<b>OTHER CURRENT ASSETS</b>		
- Expense Recoverable	-	-
- Prepaid Expenses	731,766	213,528
- Interest Accrued but not due - Bank deposits	75,771,058	25,075,306
- Amount recoverable- others	302,443	245,338
- Advances on Capital Account - [For software development]	-	-
- Advance to Institute of Insurance and Risk Management	21,736,133	16,736,133
- Advance to PFRDA	-	6,450,299
- Other -Advance for Travel	211,816	172,317
- Advance to IRDA Superannuation Trust	-	-
- Advance to Prasar Bharti	-	-
<b>TOTAL</b>	<b>98,753,216</b>	<b>48,892,921</b>
<b>CASH AND BANK BALANCES</b>		
- Cash in hand	45,000	12,291
- Cheques in hand	-	-
- Cash/ Cheque in transit	-	32,709
- Balances with Scheduled Banks		
(a) In Current Account	5,993,730	5,987,280
(b) on Deposit Account	-	-
(c) on savings bank Account	89,287	2,457,665
<b>TOTAL</b>	<b>6,083,017</b>	<b>8,444,945</b>
<b>- Balance with Non Scheduled Bank</b>		
(a) In Current Account	-	-
(b) In Deposit Account	-	-
<b>TOTAL</b>	-	-

Sd/-  
(K.Jagan Mohan Rao)  
Chief Accounts Officer

Sd/-  
(G.Prabhakara)  
Member

Sd/-  
(R.Kannan)  
Member

Sd/-  
(K.K.Srinivasan)  
Member

Sd/-  
(C. R. Muralidharan)  
Member

Sd/-  
(C.S.Rao)  
Chairman

## ANNEXURE IV

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**  
**Attached to and forming part of balance-sheet as on 31st March 2007**

PARTICULARS	Figures for the Current Year Rs	Figures for the Previous Year Rs
Grant from Government of India	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Sd/-  
(K.Jagan Mohan Rao)  
Chief Accounts Officer

Sd/-  
(G.Prabhakara)  
Member

Sd/-  
(R.Kannan)  
Member

Sd/-  
(K.K.Srinivasan)  
Member

Sd/-  
(C. R. Muralidharan)  
Member

Sd/-  
(C.S.Rao)  
Chairman

## ANNEXURE V

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**  
**Attached to and forming part of balance-sheet as on 31st March 2007**

**CONTINGENT LIABILITIES**

PARTICULARS	Figures for the Current Year Rs	Figures for the Previous Year Rs
	-	-
	-	-

Sd/-  
(K.Jagan Mohan Rao)  
Chief Accounts Officer

Sd/-  
(G.Prabhakara)  
Member

Sd/-  
(R.Kannan)  
Member

Sd/-  
(K.K.Srinivasan)  
Member

Sd/-  
(C. R. Muralidharan)  
Member

Sd/-  
(C.S.Rao)  
Chairman

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**

Attached to and forming part of Income and Expenditure Account for the year ended 31st March 2007

**PAYMENTS TO AND PROVISIONS FOR EMPLOYEES**

PARTICULARS	Figures for the	Figures for the
	Current Year	Previous Year
	Rs	Rs
i) Salaries, Allowances, Wages and Bonus	30,711,088	29,378,246
ii) Contribution to Provident Fund, etc [including contribution to superannuation fund of Rs 14,05,288/-]	4,648,498	3,259,240
iii) Gratuity	850,059	1,408,716
iv) Staff Welfare Expenses	143,776	165,909
v) Others		
-Book Grant	-	-
-Leave Travel Concession	994,951	682,870
-Insurance	-	-
-Canteen Expenses	-	-
-Monetary Award - Studies	-	-
-Contribution to Group Insurance Scheme	776,421	446,039
-Reimbursement of expenses incurred by Staff	776,848	842,714
-Leave Salary	1,065,381	1,680,684
<b>TOTAL</b>	<b>39,967,022</b>	<b>37,864,418</b>

Sd/-  
(K.Jagan Mohan Rao)  
Chief Accounts Officer

Sd/-  
(G.Prabhakara)  
Member

Sd/-  
(R.Kannan)  
Member

Sd/-  
(K.K.Srinivasan)  
Member

Sd/-  
(C. R. Muralidharan)  
Member

Sd/-  
(C.S.Rao)  
Chairman



**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**

Attached to and forming part of Income and Expenditure Account for the year ended 31st March 2007

**ESTABLISHMENT EXPENSES**

PARTICULARS	Figures for the Current Year Rs	Figures for the Previous Year Rs
Repairs & Maintenance of Buildings & Premises	1,311,543	1,353,748
House Keeping - Office Maintenance	748,994	904,667
Repairs & Maintenance of Equipments	-	-
Repairs and Maintenance - Others	-	-
Electricity & water Exp	1,295,324	1,783,699
Insurance exp	18,424	261,793
Rates and Taxes	-	2,500
Printing and Stationery	1,303,212	974,381
Books/Journals etc.	33,488	84,708
Postage, Telegraphs, Telephones, etc.	2,738,735	3,219,035
Travelling and Conveyance Inland	11,674,239	12,966,184
Travel - Foreign	6,966,707	6,169,262
Legal and Professional charges	17,886,533	7,938,902
Education/Training/R&D/Grievances Redressal Expenses	-	-
Audit Fees	225,000	251,920
Software	-	-
Publicity & Advertisement	47,280,351	27,764,163
Recruitment	-	-
Expenses of Meetings of Authority & Advisory Committee & Others meeting expenses including daily allowances paid to the members of the Committee	3,188,934	1,377,480
Membership and Subscription	1,507,392	2,879,353
Security Services	426,349	180,026
Web Portal Development Expenses	-	527,500
Canteen Exp	980,918	811,068
Car Repair and Maintenance Expenses	38,670	56,729
Other Expenses	492,883	277,927
<b>TOTAL</b>	<b>98,117,694</b>	<b>69,785,045</b>

Sd/-  
(K.Jagan Mohan Rao)  
Chief Accounts Officer

Sd/-  
(G.Prabhakara)  
Member

Sd/-  
(R.Kannan)  
Member

Sd/-  
(K.K.Srinivasan)  
Member

Sd/-  
(C. R. Muralidharan)  
Member

Sd/-  
(C.S.Rao)  
Chairman

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD****Attached to and forming part of Income and Expenditure Account for the year ended 31st March 2007**

PARTICULARS	Figures for the	Figures for the
	Current Year	Previous Year
	Rs	Rs
Government	-	-
Banks	-	-
Others	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

Sd/-  
(K.Jagan Mohan Rao)  
Chief Accounts Officer

Sd/-  
(G.Prabhakara)  
Member

Sd/-  
(R.Kannan)  
Member

Sd/-  
(K.K.Srinivasan)  
Member

Sd/-  
(C. R. Muralidharan)  
Member

Sd/-  
(C.S.Rao)  
Chairman

## THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

### NOTES TO THE ANNUAL STATEMENT OF ACCOUNT FOR THE YEAR 2006-07

[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 Provident 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 years received a letter from Ministry of Finance, Department of Economic Affairs dated July 17, 2002, July 9, 2005 and July 18, 2006 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 has 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. The issue is still under correspondence.

**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 acres 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. 15,27,943/- [Previous year Rs. 18,32,703/-].

#### 8. PRIOR YEAR COMPARATIVES

Previous year figures have been regrouped, wherever considered necessary to make them comparable with the current year's figures.

**Sd/-**  
**(K.Jagan Mohan Rao)**  
*Chief Accounts Officer*

**Sd/-**  
**(G.Prabhakara)**  
*Member*

**Sd/-**  
**(R.Kannan)**  
*Member*

**Sd/-**  
**(K.K.Srinivasan)**  
*Member*

**Sd/-**  
**(C. R. Muralidharan)**  
*Member*

**Sd/-**  
**(C.S.Rao)**  
*Chairman*



## ADDRESSES OF INSURERS AND OMBUDSMAN

## LIFE INSURERS

SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETETAILS
1	Reliance Life Insurance Company Ltd.	Shri P. Nandagopal	1st Floor, Midas, Sahar Plaza Complex, Next to Kohinoor Hotel, Andheri-Kurla Road, Andheri (East), Mumbai 400 059	Tel : 022-30479600/30479784 Fax: 022-30479650
2	Aviva Life Insurance Co. Pvt. Ltd.	Shri Bert Paterson	5 <sup>th</sup> Floor, JMD Regents Square Building Gurgaon – Mehrauli Road Gurgaon – 122 001	Tel: 0124-270 9000/01, Fax: 0124-270 9007
3	Bajaj Allianz Life Insurance Co. Ltd.	Shri Sam Ghosh	G.E. Plaza, Airport Road Yerawada Pune – 411 006 Near Marol Naka, Andheri (E), Mumbai – 400 059	Tel : 020-4026666 Fax : 020-4026789
4	Birla Sun Life Insurance Co. Ltd.	Shri Vikram Mehmi	6 <sup>th</sup> Floor, Vaman Centre, Makhwana Road, Off Andheri – Kurla Road Near Marol Naka, Andheri (E), Mumbai – 400 059	Tel : 022 5678 3333 Fax: 022 5678 3232
5	HDFC Standard Life Insurance Co. Ltd.	Shri D.M. Satwalekar	2 <sup>nd</sup> Floor, 'A' Wing Trade Star Building Near Hotel Kohinoor Continental Andheri – Kurla Road, Andheri (East) Mumbai – 400 059	Tel : 022-67516666 Fax: 022-2822 8844
6	ICICI-Prudential Life Insurance Co. Ltd.	Ms. Shikha Sharma	ICICI Prulife Towers 1089, Appasaheb Marathe Marg Mumbai – 400 025	Tel :022-56621996 Fax: 022-56622031
7	ING Vysya Life Insurance Co. Ltd.	Shri Kshitij Jain	5 <sup>th</sup> Floor, ING Vysya House 22, M.G. Road Bangalore – 560 001	Tel : 080-25328000 Fax: 080-25559764
8	Kotak Mahindra Old Mutual Life Insurance Co. Ltd.	Shri Gaurang Shah	9 <sup>th</sup> Floor, Godrej Coliseum, Behind Everard Nagar, Sion (East), Mumbai – 400 022	Tel : 022-6621 5999 Fax:022-6621 5757, 6621 5858
9	Life Insurance Corporation of India	Shri T. S. Vijayan	Yogakshema, Jeevan Bima Marg Post Box No. 19953 Mumbai – 400 021	Tel 56598701;56598702 Fax: 22824386 E-Mail : chairman@licindia.com



SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETTAILS
10	Max NewYork Life Insurance Co. Ltd.	Shri Gary R. Benett	11 <sup>th</sup> Floor, DLF Square Jacaranda Marg DLF City, Phase – II Gurgaon – 122 002	Tel : 0124-2561717 Fax: 0124-2561764
11	MetLife India Insurance Co. Pvt. Ltd.	Shri Rajesh Relan	Brigade Seshamahal No.5, Vani Vilas Road Basavanagudi Bangalore – 560 004	Tel : 080-26438638 Fax: 080-26521970 Toll Free No. 1-600-44-6969
12	Sahara India Life Insurance Co. Ltd.	Shri N.C. Sharma	Sahara India Bhavan 1, Kapoorthala Complex, Aliganj, Lucknow – 226 024	Tel: 0522-2337777 Fax: 0522-2378200
13	SBI Life Insurance Co. Ltd.	Shri Uday Sankar Roy	Turner Morrison Building 2 <sup>nd</sup> Floor, 16, Bank Street, Fort, Mumbai – 400 023	Tel : 022-56392000 Fax: 022-56621471
14	Shriram Life Insurance Company Ltd.	Shri R. Duruvasan	Regd. Office : 3-6-478, 3rd Floor, Anand Estate, Liberty Road, Himayat Nagar, Hyderabad - 500029	Tel: 040-23434466-72 Fax: 040-23434488
15	TATA AIG Life Insurance Co. Ltd.	Shri Trevor Bull	Peninsula Tower Peninsula Corporate Park Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013	Tel : 022-66516000 Fax : 022-66550711
16	Bharti AXA Life Insurance Co.Ltd.	Shri Nitin Chopra	61/62, Kalpataru Synergy, Vakola, Opp. Grand Hyatt Hotel, Santacruz (E), Mumbai – 400 055	Tel: 022 – 40306300/6301 Fax: 022 - 40306347

## NON-LIFE INSURERS

SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETETAILS
1	Agriculture Insurance Co. of India Ltd.	Shri M. Parshad	13 <sup>th</sup> Floor, Ambadeep Bldg, 14, K.G. Marg, Connaught Place, New Delhi – 110 001.	Tel :011-41081991-4, Fax : 011-41081995 Email: aicho@aicofindia.org Web-site: www.aicofindia.org
2	Bajaj Allianz General Insurance Co. Ltd.	Shri Kamesh Goyal	GE Plaza, 1 <sup>st</sup> Floor, Airport Road, Yerawada, Pune- 411 006.	Tel : 020-6602 6666 Fax: 020-6602 6667
3	Cholamandalam General Insurance Co. Ltd.	Shri M. Anandan	DARE House, 2 <sup>nd</sup> Floor, New No.2 (Old No.234) NSC Bose Road, CHENNAI – 600 001.	Tel : 044-42166000 Fax : 044-42166001
4	Export Credit Guarantee Corporation Ltd	Shri Christy Fernandez	10 <sup>th</sup> Floor, Express Towers, Nariman Point, Mumbai – 400021.	Tel :022-56590512-515 Fax : 022-56590517 022-56590530
5	HDFC-CHUBB General Insurance Co. Ltd	Shri Suresh Menon	6 <sup>th</sup> Floor, Leela Business Park, Andheri-Kurla Road, Andheri(East) Mumbai – 400059	Tel : 022-6638 3600 Fax : 022-6638 3699
6	ICICI Lombard General Insurance Co. Ltd	Shri Sandeep Bakshi	Zenith House, Mahalaxmi Keshavrao Khade Marg, MUMBAI-400 034.	Tel : 022-24906999 Fax: 022-24927624
7	IFFCO Tokio General Insurance Co. Ltd	Shri Ajit Narain	4 <sup>th</sup> & 5 <sup>th</sup> Floors, IFFCO Tower, Plot No.3, Sector 29, GURGAON-122001(Haryana)	Tel : 0124-2850100 Fax: 0124-2577923-2577924
8	National Insurance Co.Ltd.	Shri V. Ramasaamy	3, Middleton Street, P.B. No. 9229, KOLKATA 700 071.	Tel : 033-22831705 to 9 Fax : 033-22831712
9	Reliance General Insurance Co. Ltd	Shri K. A. Somasekharan	570, Naigaum Cross Road, Next to Royal Industrial Estate, Wadala(West), MUMBAI – 400 031	Tel.No.022-30479602 Board no:022-30479600 Fax. No.022-330479650

SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETTAILS
10	Royal Sundaram Alliance Insurance Co. Ltd	Shri Ajay Bimbhet	"Sundaram Towers" , 45-46, Whites Road, Royapetah CHENNAI-600 014.	Tel: 044-42227373 Fax: 044-28517376 Email:ajay.bimbhet@in.royalsun.com Web-site: ww.royalsundaram.com
11	Tata AIG General Insurance Co. Ltd	Shri Dalip Verma	Peninsula Corporate Park, Nicholas Piramal Tower, 9th Floor Ganpatrao Kadam Marg Lower Parel, MUMBAI 400 013	Tel : 022-66699696 Fax: 022-56546464 Email: gaurav.garg@tata-aig.com www.tata-aiggeneral.com
12	The New India Assurance Co. Ltd.	Shri B. Chakrabarti	New India Assurance Bldg. 87, M.G. Road, Fort, MUMBAI - 400 001	Tel: 022-22674617 - 22, Fax: 022-22652811 Email: cmd.nia@newindia.co.in Web-site: www.newindia.co.in
13	The Oriental Insurance Co. Ltd.	Shri M. Ramadoss	A-25/27, Asaf Ali Road New Delhi 110 002	Tel :011-23279221-25 Direct:23265024 Fax: 23287192, 23287193, 23283971
14	United India Insurance Co. Ltd.	Shri G. Srinivasan	24, Whites Road CHENNAI – 600 014.	Tel : 044-28520161 Fax : 044-28523825
15	Star Health & Allied Insurance Co. Ltd.	Shri V. Jagannathan	No.1 New Tank Street Valluvarkottam High Road Nungambakkam CHENNAI – 600 034	Tel :044-28260053, Fax :044-28260062

**RE-INSURER**

SL.NO.	INSURER	PRINCIPAL OFFICER	POSTAL ADDRESS	CONTACT DETTAILS
1.	General Insurance Corporation of India	Shri. Yogesh Lohia (W.e.f 28.05.2007)	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.	CENTRE	OMBUDSMAN	POSTAL ADDRESS	CONTACT DETAILS
1.	Ahmedabad	Mr. Amitabh	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. N.A. Khan	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. S.K. Dhal	62, Forest Park, Bhubaneswar – 751 009	Tel: 0674- 2531607 Fax:0674-2531607 Email : ioobbsr@dataone.in
4.	Chandigarh	Mr. K.M. Chadha	S.C.O. No.101-103, 2nd Floor, Batra Building, Section 17-D, Chandigarh – 160 017	Tel: 0172 - 2706468 Fax: 0172-2708274 E-mail : ombchd@yahoo.co.in
5.	Chennai	Mr. K. Sridhar	Fatima Akhtar Court, 4th Floor, 453 (old 312), Anna Salai, Teynampet, Chennai – 600 018	Tel: 044 - 24335284 / 24333668 Fax: 044-24333664 E-mail : insombud@md4.vsnl.net.in
6.	Delhi	Mr. R. Beri	2/2 A, 1 <sup>st</sup> Floor, Universal Insurance Bldg. Asaf Ali Road New, Delhi – 110 002	Tel: 011-23237532 Fax: 011-23230858 E-mail : iobdelraj@rediffmail.com
7.	Guwahati		Jeevan Nivesh, 5 <sup>th</sup> Floor, Nr. Panbazar Overbridge, S.R. Road, Guwahati – 781 001	Tel: 0361-2415430 Fax: 0361-2414051 E-mail : omb_ghy@sify.com
8.	Hyderabad	Mr. P.A. Chowdary	6-2-46, 1 <sup>st</sup> Floor, 'Moin Court' Lane Opp. Saleem Function Palace, A.C. Guards, Lakdi-ka-pul, Hyderabad – 500 004.	Tel: 040-65504123 Fax:040-23376599 E-mail : hyd2_insombud@sancharnet.in
9.	Kochi	Mr. James Muricken	2 <sup>nd</sup> Flr., CC 27/ 2603, Pulinat Building, Opp. Cochin Shipyard, M.G. Road, Ernakulam - 682 015	Tel: 0484-2358759 Fax:0484-2359336 E-mail: ombudsmankochi@yahoo.co.in
10.	Kolkata	Mr. K. Rangabhashyam	North British Building, 29, N.S.Road, 3rd Floor, Kolkata – 700 001	Tel: 033-22134866 Fax: 033-22134868 E-mail : iombkol@vsnl.net
11.	Lucknow	Mr. M.S. Pratap	Jeevan Bhawan Phase-2, 6 <sup>th</sup> Floor Nawal Kishore Road, Hazratganj Lucknow – 226 001	Tel: 0522-2231331 Fax:0522-2231310 E-mail: ioblko@sancharnet.in
12.	Mumbai	Mr. R.K. Vashishtha	3rd Floor, Jeevan Seva Annexe, Above MTNL, S.V. Road, Santacruz (W), Mumbai-400054	Tel: 022-26106880 Fax: 022-26106052 Email: ombudsman@vsnl.net

**NOTES**