

AN ANALYSIS OF INVESTMENTS OF INDIAN INSURERS IN THE FINANCIAL YEAR 2012-13

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ABSTRACT

Even after Liberalization, the Insurance sector remains the key contributory in building the nation in the form of statutory investments made in Central and State Government Securities and in other forms of securities approved by the Insurance Regulatory and Development Authority (IRDA). The IRDA prescribes the prudential norms for the investments to be maintained by all Life and Non-Life Insurance companies. Liabilities of life insurance companies are of longer term whereas the liabilities of general insurance companies are primarily of a short term nature. Applying the matching principle accordingly, within the Life segment also, stipulations are given for the Life fund, Pension, General Annuity, Group Fund, and ULIP Funds. The investment norms and the actual amounts of investment by all the insurers till 31st March 2013 are analysed in this article. Fund-wise and insurer wise analyses of investments are made separately for the life and non-life insurance category wherein the dominance of the public sector insurers is brought out.

KEYWORDS: Insurance Investment Regulations, IRDA, Approved Securities, Life Fund, Life Insurers, Insurance Penetration

JEL Classification: G11, G22, G28

INTRODUCTION

The insurance penetration i.e., the ratio of premium to GDP in the year 2012 was 3.96% in India. Similarly, the insurance density i.e., ratio of premium to population stood as 53.2 USD in the same year. In the life insurance business, India ranked 10th among the 88 countries, for which data are published by Swiss Re. India ranked 19th in global non-life insurance premium. The time to find India in the first five places in both the life and non-life sector is not far away, given the size of population and the pace of penetration. But when the insurance sector grows especially in a liberalized environment there is growing need to check how the people's fund is prudentially managed and invested. Or, there is every possibility of getting the history repeated, as insurers have gone bankrupt in the pre nationalization era. At this juncture the role of IRDA regulating the investors' investments gains importance. On the other hand too much regulation may impede the growth of the sector as the investment income is the only major source of revenue to the insurance sector. The Prudent Investment Rule is a legal doctrine which provides guidance to investment managers regarding the standards for managing an investment portfolio in a legally satisfactory manner. If the process followed in making investment decisions is prudent, then the decisions being made are prudent, regardless of subsequent results. In this paper, a detailed analysis of investments of all insurers is described which is preceded by the present norms of investments stipulated by IRDA.

REGULATION OF INVESTMENTS

The IRDA requires insurers to comply with standards on investment activities. These standards include requirements on investment policy, asset mix, valuation, diversification, asset-liability matching, and risk management.

Description Sections 27, 27A, 27B, 28 of the Insurance law and the IRDA (Investment) Regulations, 2000 lay down the framework for the management of investments including exposure limits and the guidelines for determining the market value of securities. IRDA (Preparation of Financial Statements and Auditor Report of Insurance Co) Regulations, 2002 laid down the norms for valuation of assets.

Currently, the insurance sector is guided by limits in investment in individual categories of securities, limits in single company exposure, limits in investment in initial public offers of the companies, different exposure limits for private sector and public sector companies, perpetual debt securities, securitised assets like pass through certificates and asset backed securities and venture capital funds among others. All insurers are obliged to adhere to the pattern of investments as stipulated above.

Life Business

Every insurer carrying on the business of life-insurance shall invest and at all times keep invested his controlled fund in the following manner:

Table 1: Investment Regulations of IRDA for Life Fund

No	Type of Investment	Percentage
i)	Government Securities	Not less than 25% of the fund,
ii)	Government Securities or Other approved securities	Not less than 50% of the fund,,
iii)	Approved Investments :	
	Approved Investments and other investments (Other Investments shall not exceed 15% of the fund)	Not Exceeding 35% of the fund
	Investment in housing and Infrastructure by way of subscription or purchase of: Bonds/Debentures of HUDCO and National Housing Bank Bonds/Debentures of Housing Finance Companies either duly accredited by NHB or guaranteed by Government or carrying a current rating of not less than AA by a SEBI registered credit rating agency	Not less than 15% of the fund if (iii) b) and c) taken together.
	Investment in infrastructure by subscription or purchase of Equity/Bonds/Debentures and Asset Backed Securities	

Source: IRDA (2008), Insurance Regulatory and Development Authority (Investment) (Fourth Amendment) Regulations

Pension and General Annuity Business

Every insurer shall invest and at all times keep invested assets of Pension Business and General Annuity Business in the following manner:-

Table 2: Investment Regulations of IRDA for Pension & Annuity Fund

No	Type of Investment	Percentage
i)	Government securities, being not less than	20%
ii)	Other approved securities inclusive of (i) above, being not less than	40%
iii)	Balance to be invested in Approved Investments. Governed by Exposure/ Prudential Norms. Not exceeding	60%

Source: IRDA (2008), Insurance Regulatory and Development Authority (Investment) (Fourth Amendment) Regulations

Unit Linked Insurance Business

Every investor shall invest and at all times keep invested its segregated fund of Unit Linked Insurance Business as per the pattern offered. But the total investment under the category other investments shall at no time exceed 25% of the funds.

General Insurance Business

Insurer carrying on the business of general insurance shall invest and at all times keep invested his total assets in the manner set out below:

Table 3: Investment Regulations of IRDA for General Insurance Business

S. No	Type of Investment	Percentage
i)	Central Government Securities	not less than 20% of investment assets
ii)	State Government securities and other Guaranteed securities including (i) above	not less than 30%
iii)	Approved Investments :	
	a) Approved Investments and other investments (Other Investments shall not exceed 25% of the fund)	Not Exceeding 55%
	b) Investment in housing and Infrastructure by way of subscription or purchase of: Bonds/Debentures of HUDCO and National Housing Bank Bonds/Debentures of Housing Finance Companies either duly accredited by NHB or guaranteed by Government or carrying a current rating of not less than AA by a SEBI registered credit rating agency Asset Backed Securities with underlying housing loans	not less than 5%
	c) Investment in infrastructure by subscription or purchase of Equity/Bonds/Debentures and Asset Backed Securities	not less than 10%

Source: IRDA (2008), Insurance Regulatory and Development Authority (Investment) (Fourth Amendment) Regulations

All investments should be made in graded securities and the grading shall not be less than of 'very strong' rating by a reputed and independent rating agency registered with SEBI. Corporate bonds or debentures rated not less than AA, A+ or its equivalent and PI or equivalent ratings for short term bonds, debentures, certificate of deposits and commercial paper by a SEBI registered credit rating agency alone will be considered as Approved Investments. Every insurer should invest assets in securities which are actively traded in any Stock Exchange in India and which are attributable to segregated funds, in respect of linked business.

Exposure Limits

Prudential and exposure limits are defined in terms of individual securities, groups and industrial sectors with an upper limit of 10 percent of issued securities or fund value generally applying, except for related groups in which case 5 percent normally applies. In addition overriding minimum credit ratings are applied to most securities. No international investments are permitted and there are tight limitations on and reporting requirements for the charging of assets.

Till the last year insurance companies were allowed to buy only 10% of the shares outstanding in a company. Several large insurers have been unable to buy enough quality stocks in the market and have demanded an increase in the limit. In the year 2013, IRDA allowed insurers to invest as much as 12-15% in a single company. The move by the IRDA to raise investment limits enabled private insurers buy more shares from the market, which in turn helped support stocks

overall. Similarly the State-owned Life Insurance Corporation of India, whose investment limits are governed by the LIC Act, was allowed LIC to invest up to 25% in a single company.

Originally investment regulations specified restricted limits on deposits with individual banks for both life and nonlife insurers. However, this was changed and bank linkages are now largely the responsibility of the directors, subject to an overriding aggregate limit. The Board Risk Management Committee is responsible for monitoring such exposures. An overall exposure limit to financial and banking institutions of 25 percent of investment assets remains in place.

Policyholders' funds cannot be invested outside India. The use of derivatives is permitted to a very limited extent for the purpose of hedging only i.e., the underlying securities must be held by the purchaser. Insurers are required to hold unencumbered assets. Short selling of assets is not permitted.

Before transacting in derivatives and related markets, insurers have to submit a policy for approval by their Boards, including how risk will be measured. In turn, and before dealing in fixed income derivatives, an insurer's Board is required to produce a risk management policy, ensure adequate internal controls are in place and set prudential limits. The July 30, 2008 regulations also specified the investment governance structure and a list of 11 quarterly investment returns.

ACTUAL INVESTMENTS OF THE INSURANCE SECTOR

As on 31st March 2013, the accumulated amount of investments held by the insurance industry was to the tune of Rs. 1867886 crore. In the year 2012-13 itself the Assets Under Management (AUM) of the Indian insurance industry grew by Rs. 187359 crore i.e., 11.15%. The share of life insurers to the AUM was to the tune of Rs. 1744894 crore i.e., 93.42%. Similarly the public sector insurers continue to contribute major share of Rs. 1486635 Crore i.e., 80% of the total investments.

Table 4: Total Investments of the Insurance Sector as on 31st March (Rs. in Crore)

Insurer	Life		Non-Life		Total	
	2012	2013	2012	2013	2012	2013
Public Sector	1269070	1402991	71104	83644	1340174	1486635
Private Sector	312188	341902	28165	39348	340353	381250
Total	1581259	1744894	99268	122992	1680527	1867886
Growth % over the Previous Year						
Public Sector	10.49	10.56	16.12	17.64	10.77	10.93
Private Sector	10.89	9.52	32.32	39.71	12.4	12.02
Total	10.57	10.35	20.3	23.9	11.1	11.15

Source: Annual Report 2012-13, IRDA.

Investment of Life Insurers

There are 24 life insurers in India with combined assets of at least Rs. 17 trillion, with nearly Rs. 5 trillion held in equity. The total value of the funds invested by life insurance companies as on 31st March 2013 was Rs. 1744894 crore. Of this Rs. 342507 crore, i.e., 20% was from Unit Linked Insurance Policies. The remaining Rs. 1402387 crore (i.e., 80%) of the total funds has come from the other traditional life insurance products. The share of ULIP in the amounts invested in 2012-13 witnessed a slide by Rs. 27465 crore (i.e., by 3.77%) comparing the previous year. For the last few years it is showing a downward trend as the stock markets are highly volatile which makes ULIPs less attractive in the industry.

Investment of Life Insurers-Instrument-Wise

The investment pattern of the life insurance companies in the year 2013-14 is similar to that of the previous year. As for as the funds of traditional life products are concerned, the Central Government Securities (36.52%), approved securities (32.53%) and state Government and other approved securities (18.97%) remain as the major destinations. Nearly 95% ULIP funds were also parked only in Approved Investments.

Table 5: Table Showing the Instrument-Wise Investments of Life Insurers (As on 31st March) (Rs. in Crore)

Investments from	2012		2013	
	Amount	Percentage	Amount	Percentage
Traditional Products				
1 Central Govt. Securities	468082	38.64	512180	36.52
2 State Govt. and other approved securities	214515	17.71	265989	18.97
3 Housing & Infrastructure	97320	8.03	118878	8.48
4 Approved Investments	385107	31.79	456256	32.53
5 Other Investments	46262	3.82	49084	3.5
A. Total (1+2+3+4+5)	1211287	100	1402387	100
ULIP Funds				
6 Approved Investments	346340	93.61	325283	94.97
7 Other Investments	26632	6.39	17224	5.03
B. Total (6+7)	369972	100	342507	100
Grand Total (A+B)	1581259		1744894	

Source: Annual Report 2012-13, IRDA.

Investment of Life Insurers-Fund-Wise

The fund-wise classification of investments reveals that the traditional life fund is biting a lion share of Rs. 1120000 crore (i.e., 64.19%) out of which LIC's contribution was Rs. 1037656 crore (i.e., 92.65%). It was followed by the Pension and General Annuity Fund and Group Fund with a share of Rs. 282387 crore (i.e., 16.18%) and ULIP fund, with Rs. 342507 crore (i.e., 19.63%). The decline of ULIP funds was taken away by the other two funds, Pension, Annuity & Group fund going up from 14.97% to 16.18% and the Life Fund getting geared up from 61.64% to 64%. The LIC continue to dominate the life industry's investment with Rs. 1402991 crore (i.e., 80.40% of the total investments of life insurers).

Table 6: Instrument as well as Sector-Wise Investments of Life Insurers (As on 31st March) (Rs. Crore)

Insurer	Life Fund		Pension and General Annuity & Group Fund		Unit Linked Fund		Total of all funds	
	2012	2013	2012	2013	2012	2013	2012	2013
LIC	914614	1037656	212754	251011	141703	114324	1269070	1402991
Private	60006	82343	23913	31375	228269	228184	312188	341902
Total	974620	1120000	236667	282387	369972	342507	1581259	1744894
% to total	61.64	64.19	14.97	16.18	23.4	19.63	100	100

Source: *Annual Report 2012-13, IRDA

Table 7: Fund-Wise Growth of Investments of Indian Insurers (As on 31st March) (Rs. Crore)

Investments from	2012		2013	
	Amount	Percentage	Amount	Percentage
Life Fund	974620	15.88	1120000	14.92
Pension and General Annuity & Group Fund	236667	24.61	282387	19.32
Traditional (A)	1211287	17.49	1402387	15.78
Unit Linked Fund(B)	369972	-7.30	342507	-7.42
Grand Total (A+B)	1581259	10.57	1744894	10.35

Source: Annual Report 2012-13, IRDA

Insurer-Wise Investment of Life Insurers

The insurer-wise analysis of investments show that the LIC is having AUM to the extent of Rs. 1402991.42 crore (i.e., 80.41%) and the private sector held investments of Rs. 341902.46 crore (i.e., 19.59%). Of all the private life insurers, ICICI Prudential is the prime investor with Rs. 73370.51 crore (4.20%), which came mainly from the ULIP Fund i.e., 57520.83 crore. With the AUM of Rs. 51818.86 crore (2.97%), SBI Life stands in the second place with the ULIP (Rs. 26547.86 crore) as the main contributory than Life and Annuity. In the third slot the HDFC Standard is found with Rs. 40107.83 crore (2.30%), in which the contribution of ULIP Fund is Rs. 27997.55 crore. It is followed by Bajaj Allianz (Rs. 37977.98 crore), Birla Sunlife (Rs. 22779.33 crore), Maxlife (Rs. 20457.88 crore), Reliance (Rs. 18197.71 crore), Tata AIA (Rs. 15987.21 crore), Kotak Mahindra (Rs. 10861.66 crore). All other life insurers had investments only less than Rs. 10000 crore mark.

The comparative analysis of investments made by the life insurers in the two years 2011-12 and 2012-13 exhibits that a high new net investment of 133921 crore was made by the LIC. Of the private life insurers' investment of Rs. 29714 crore made in the year, a high Rs. 7854.16 crore investment was made by HDFC Standard and it is followed by the investment of Rs. 5290.71 crore by SBI Life. Conversely, Bajaj Allianz redeemed a net investment amount of Rs. 1456.40 from the market.

Table 8: Insurer-Wise Investments by the Life Insurers in 2012-13

Life Insurer	As on 31 st March 2012 Rs. in Crore*	As on 31 st March 2013 Rs. in Crore *	Incremental Investment in 2013 Rs. in Crore **	% To Total Till March 2013**
Aegon Religare	895.55	1079.47	183.92	0.06%
AVIVA India	7824.22	7889.99	65.77	0.45%
Bajaj Allianz	39434.38	37977.98	-1456.4	2.18%
Bharti AXA	1902.64	2090.31	187.67	0.12%
Birla Sun Life	20995.49	22779.33	1783.84	1.31%
Canara HSBC	4290.94	6417.42	2126.48	0.37%
DLF Pramerica	295.41	412.66	117.25	0.02%
Edelwess Tokyo	494.59	437.18	-57.41	0.03%
Future Generali	1645.53	2090.21	444.68	0.12%
HDFC Standard	32253.67	40107.83	7854.16	2.30%
ICICI-Prudential	70103.21	73370.51	3267.3	4.20%
IDBI Federal	2462.66	2876.48	413.82	0.16%
India First	2180.1	3848.61	1668.51	0.22%
ING Life Ins Ltd.	6125.42	6599.83	474.41	0.38%
Kotak Mahindra Old Mut	9616.74	10861.66	1244.92	0.62%
Max Life Insurance	17215.06	20457.88	3242.82	1.17%
PNB Metlife India	8849.21	9925.35	1076.14	0.57%
Reliance Life (AMP Sanmar)	18778.59	18197.71	-580.88	1.04%
Sahara India	1105.63	1112.19	6.56	0.06%
SBI Life Insurance	46528.15	51818.86	5290.71	2.97%
Shriram Life Insurance	1937.9	1879.54	-58.36	0.11%
Star Union-Dai-ichi	2782.03	3684.22	902.19	0.21%
TATA-AIA	14471.34	15987.21	1515.87	0.92%
Sub Total (Private Sector)	312188.46	341902.46	29714	19.59%
Life Insurance Corporate of India	1269070.44	1402991.42	133921	80.41%
Total (Life)	1581258.9	1744893.88	163635	100.00%

Source: *Annual Report 2012-13, IRDA, **Researchers' own calculations

Investment of Non-Life Insurers

Unlike Life insurers, the Non-Life insurers contributed only 6.60% per cent of total investments made by the insurance industry. The total amount of investments made by the sector, as on 31st March, 2013 was Rs. 122992 crore. During 2012-13, the net increase in investments by the industry stood at Rs. 23724 crore (i.e., 23.89 % growth over previous year). It is to be noted here that the investment was just Rs. 66,372 crore as on 31st March, 2010.

In the lines of life insurers the investment pattern remained as it was in the previous year, in tune with the prescription laid down under the Investment Regulations. As on 31st March, 2013, the investments by Non Life Insurers in Central Government Securities and Approved Investments stood at Rs. 44194 crore (i.e., 35.93 %) and Rs. 30658 crore (i.e., 24.93%) respectively. It was followed by Infrastructure investments of 18997 crore (i.e., 15.45%), state government and other approved securities' investment of 12987 crore (i.e., 10.56%) and investments in housing infrastructure for 18997 crore (i.e., 15.45%).

Table 9: Total Investments of Non-Life Insurers: (As on 31st March) (Rs. in Crore)

Investments from	2012		2013	
	Amount	Percentage	Amount	Percentage
1 Central Govt. Securities	24241	24.42	30658	24.93
2 State Govt. and other approved securities	9339	9.41	12987	10.56
3 Housing & Loans to State Govt for Housing & Fire Fighting Equipment Infrastructure	8179	8.24	10275	8.35
4. Infrastructure Investments	15198	15.31	18997	15.45
5 Approved Investments	38563	38.85	44194	35.93
6 Other Investments	3749	3.78	5882	4.78
Total	99268	100	122992	100

Source: Annual Report 2012-13, IRDA.

Insurer-Wise Investments of Non-Life Insurers

The insurer-wise investments show that the GIC is having AUM of Rs. 26132.04 crore (i.e., 21.25% of the total) and the four public sector insurers have an AUM of Rs. 19546.17 crore. Among the public sector non-life insurers, New India is the leading investor with Rs. 17882 crore (i.e., 14.54%), followed by United India (Rs. 15938.45 crore), National Insurance Co. Ltd. (Rs. 13106.18 crore) and the Oriental Insurance (Rs. 10584.80 crore).

The four private sector standalone health insurers collectively invested Rs. 1382.12 crore (i.e., 1.12%). Apollo Munich is the leading investor with AUM of Rs. 538.75 crore (i.e., 0.44%) followed by Star Health AUM of Rs. 422.32 crore.

The 17 Private sector general non-life insurers held investments of Rs. 37965.81 crore (i.e., 30.87%). Of all the private non-life insurers, ICICI Lombard is the prime investor with Rs. 7746.64 crore (i.e., 6.30%). With the AUM of Rs. 5615.20 crore (i.e., 4.57%), Bajaj Allianz stands in the second place. In the third slot the Shriram is found with Rs. 3700.54 crore (i.e., 3.01%). It is followed by Reliance (Rs. 257.80 crore), IFFCO Tokio (Rs. 3117.42 crore), HDFC Ergo (Rs. 2696.22 crore), Tata AIG (Rs. 2435.21 crore) and Royal Sundaram (Rs. 2080.00 crore). All other private non-life insurers had investments only less than Rs. 2000 crore mark.

The comparative statement analysis between the years 2011-12 and 2012-13 reveals that there is a huge incremental new investment of Rs. 2571.97 crore made by Shriram. The second highest amount of investment was by ICICI Lombard Insurance Co. Ltd. (Rs. 1473.83 crore), which is followed by Bajaj Allianz (Rs. 1068.77 crore).

Investments of all other non-life private insurers were below Rs. 1000 crore only in the year 2012-13. As for as the public sector insurers are considered the reinsurer GIC made investments of 3966.3 crore in the year 2012-13 itself and its erstwhile four subsidiaries invested Rs. 8573.91 crore.

Table 10: Insurer-Wise Investments by the Non-Life Insurers in 2012-13

General Insurer	As on 31 st March 2012 Rs. in Crore*	As on 31 st March 2013 Rs. in Crore *	Incremental Investment in 2013 Rs. in Crore **	% To Total Till March 2013**
Bajaj Allianz Gen Ins Co.	4546.43	5615.2	1068.77	4.57%
Bharti AXA	1075.85	1484.09	408.24	1.21%
Cholamandalam MS General InsCo. Ltd	1259.27	1726.15	466.88	1.40%
Future Generali	930.18	1295.15	364.97	1.05%
HDFC General Insurance.	1888.04	2696.22	808.18	2.19%
ICICI Lombard General Insurance Co.	6272.81	7746.64	1473.83	6.30%
IFFCO-TOKIO General Insurance Co.	2328.47	3117.42	788.95	2.53%
L&T General	190.31	255.36	65.05	0.21%
Liberty Videocon	0	280.83	280.83	0.23%
Magma HDI	0	272.9	272.9	0.22%
Raheja QBE	200.13	217.08	16.95	0.18%
Reliance Gen Insu Co. Ltd	2709.7	3257.8	548.1	2.65%
Royal Sundaram Alliance Insurance. Ltd	1840.93	2080	239.07	1.69%
SBI General	683.72	1008.07	324.35	0.82%
Shriram	1128.57	3700.54	2571.97	3.01%
TATA-AIG General Insurance Co.Ltd.	1886.67	2435.21	548.54	1.98%
Universal Sompo Ins. Ltd.	408.51	777.18	368.67	0.63%
Sub Total (Private)	27349.78	37965.81	10616.03	30.87%
National Insurance Co. Ltd.	10734.57	13106.18	2371.61	10.66%
The New India Assurance	15769.29	17882.55	2113.26	14.54%
The Oriental Insurance Ltd	9164.87	10584.8	1419.93	8.61%
United India Insurance. Ltd	13269.34	15938.45	2669.11	12.96%
Sub Total (Public)	48938.07	57511.98	8573.91	46.76%
Apollo Munich	418.83	538.75	119.92	0.44%
Max Bupa	189.09	259.76	70.67	0.21%
Religare Health	0	161.29	161.29	0.13%
Star Health & Allied Insurance Co.Ltd.	206.98	422.32	215.34	0.34%
Total (standalone health)	814.89	1382.12	567.23	1.12%
GIC of India	22165.74	26132.04	3966.3	21.25%
Non-Life Total	99268.48	122991.95	23723.47	100.00%

Source: *Annual Report 2012-13, IRDA, **Researchers' own calculations

The two specialized insurers invested Rs. 1535.74 crore in the year 2012-13 which took the investments total to Rs. 9028 crore as on 31st March 2012-13.

Table 11: Insurer-Wise Investments by the Specialised Insurers in 2012-13

Specialised Insurer	As on 31 st March 2012 Rs. in Crore*	As on 31 st March 2013 Rs. in Crore *	Incremental Investment in 2013 Rs. in Crore **	% To Total Till March 2013**
Agri Ins Company of India	3223.75	3994.1	770.35	50.16%
Export Credit Guarantee corpn	4268.51	5033.9	765.39	49.84%
Total of Spl. Insurers	7492.26	9028	1535.74	100.00%

Source: *Annual Report 2012-13, IRDA, **Researchers' own calculations

CONCLUSIONS

Till March 31st 2013, the insurance industry attracted a total capital of Rs. 350.38 billion only including the foreign promoters' FDI contributions. But around 18.68 trillion assets were invested in India by the insurance sector, which

help the housing, infrastructure and the securities market flourish in a fashionable manner. If the insurance penetration improves further the AUM will also multiply in the same proportion in future. Thus the insurance sector helps the fiscal economy of India indirectly in three forms, namely, Investment in Government Securities, FDI contribution and Direct Profit share to the exchequer by the public sector Insurers, especially by the LIC.

Investment is the only major source of income and in turn the determinant of profitability and very survival of an insurer. That's why numerous regulations are placed before the insurance sector. Yet there are discrepancies (IMF, 2013) in the valuation modes of different securities. For example, the equities are valued at market value, debt securities are found valued at amortized value, and loans and property at book value. Similarly, there are no liquidity requirements specified in the regulations. However, the insurer's Investment Policy document is required to include management of all investment risks, liquidity, and stop loss limits. Clear individual responsibility and accountability for transactions should be laid down for the Investment department.

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