

Info Capsule

IRDAI (APPOINTED ACTUARY) REGULATIONS, 2017¹

Based on the experience gained, since the last amendment effected in the year 2013, the Authority felt that there is a need to amend the IRDA (Appointed Actuary), Regulations, 2000. The Insurance Regulatory and Development Authority of India via Circular no. IRDA/ACTL/REGN/2016-17 dated February 13, 2017 has prescribed the basic framework for appointment of Appointed Actuaries and their duties, functions etc. in the aforementioned Regulations.

The draft of IRDAI (Appointed Actuary), Regulations, 2017 contains the following key changes to the earlier Regulations, amongst the others:

1. Short Title & Commencement

The draft regulations shall supersede the existing IRDA (Appointed Actuary) Regulations, 2000 and also amendments made thereon in 2013.

2. Definitions

The following definitions were added

Definition of “Actuary,” “Resident in India” and Institute of Actuaries of India.

3. Procedure of Appointment of an Appointed Actuary

- A fellow member or an affiliate member in accordance with Actuaries Act 2006.
- A person with 5 years of post-qualification experience.
- Post qualification experience should be relevant for nature, scale and complexity of the business.
- Must have worked for at least one year for statutory valuation.
- The Chairperson of the Authority will issue guidelines from time to time regarding the transitory arrangement available to the insurer so that the statutory work doesn't get hampered.

4. No insurer will work without an AA.

5. Duties & Obligations

General Provisions

- Availability of all the records with the AA to conduct actuarial valuation of liabilities and assets of the insurer.
- Expression of opinion by AA on underwriting policy, reinsurance arrangements & effective implementation of risk management systems.
- If an AA is disqualified to act as an Actuary, he/she ceases to be an AA forthwith.

¹ Exposure Draft is Available at
https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo3073&flag=1

- Reference to pay due regard to generally accepted Actuarial principles while carrying out any task.

Life Insurance Business

Provisions related to Mathematical reserves, methodologies and underlying models, sufficiency and quality of data, and reliability and accuracy of mathematical reserves.

General Insurance Business

- To ensure that premium rates of the insurance products are fair.
- Provisions related to IBNR, methodologies and underlying models, sufficiency and quality of data, and reliability and accuracy of IBNR.

PRUDENTIAL LIMITS IN SECTOR EXPOSURE FOR HOUSING FINANCE COMPANIES

In exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with the provision of Regulation 77 of SEBI (Mutual Funds) Regulation, 1996 a circular is issued by SEBI making partial modification to SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016.

Presently, the guidelines for sectoral exposure in debt oriented mutual fund schemes put a limit of 25% at the sector level and an additional exposure not exceeding 10% (over and above the limit of 25%) in financial services sector only to HFCs.

In light of the role of Housing Finance Companies (HFCs) especially in affordable housing and to further the Government's goal under Pradhan Mantri Aawas Yojana (PMAY), it has now been decided to increase additional exposure limits provided for HFCs in financial services sector from 10% to 15%.

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (VOLUNTARY LIQUIDATION) REGULATIONS, 2017

The Insolvency and Bankruptcy Board of India through a press release² dated February 14, 2017 introduced the Draft of Insolvency and Bankruptcy Board of India (Voluntary Liquidation) Regulation, 2017.³ These Regulations are made under the exercise of In exercise of the powers conferred by sections 59, 196 and 208 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016). Confirming the Background the press release, it is stated that The Ministry of Corporate Affairs had set up four Working Groups to facilitate implementation of the Insolvency and Bankruptcy Code, 2016. The Working Group had a mandate to deliberate and submit its recommendations on rules and regulations and other related matters for the insolvency and liquidation process under the Insolvency and Bankruptcy Code, 2016. This Working Group had earlier developed draft regulations for corporate insolvency resolution and liquidation process. Based on these drafts and after considering public comments on the same and following the due process, the Insolvency and Bankruptcy Board of India (Board) has notified (a) the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and (b) the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016.

² Press Release is available at http://www.ibbi.gov.in/press_release_14.html

³ Draft Regulations are available at [http://www.ibbi.gov.in/IBBI%20\(Voluntary%20Liquidation\)%20Regulations%202017.pdf](http://www.ibbi.gov.in/IBBI%20(Voluntary%20Liquidation)%20Regulations%202017.pdf)

This Working Group has now submitted draft regulations for Voluntary Liquidation of Corporate Persons. A corporate person who has not committed any default may initiate voluntary liquidation subject to certain conditions. It has been decided to invite public comments on the draft regulations. Accordingly, comments on each provision of the draft regulations are invited by 8th March, 2017. The draft regulations are available on the Board's website at www.ibbi.gov.in. The comments may be submitted online at 'FEEDBACK' on the website or by email at feedback@ibbi.gov.in.

SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (AMENDMENT) REGULATIONS, 2017

The Securities and Exchange Board of India via a notification No. SEBI/LAD/NRO/GN/2016-17/029 dated 15th February, 2017 and in exercise of the powers conferred by section 11, sub section (2) of section 11A and section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) read with section 31 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Securities and Exchange Board of India hereby makes the following regulations to further amend the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, namely:-

1. These regulations may be called the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2017.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in regulation 37, after sub-regulation (5), the following sub-regulation and proviso may be inserted, namely,-

“(6) Nothing contained in this regulation shall apply to draft schemes which solely provide for merger of a wholly owned subsidiary with its holding company;

Provided that such draft schemes shall be filed with the stock exchanges for the purpose of disclosures.”

Team ICSI

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