

निर्जीवन तथा पुनर्बीमा व्यवसाय गर्ने बीमकको
बीमाङ्कीय मूल्याङ्कन सम्बन्धी
निर्देशिका, २०७६



फागुन, २०७६
कुपण्डोल, ललितपुर

निर्जीवन तथा पुनर्बीमा व्यवसाय गर्ने बीमकको बीमाङ्कीय मूल्याङ्कन सम्बन्धी निर्देशिका, २०७६

प्रस्तावना: निर्जीवन तथा पुनर्बीमा व्यवसाय गर्ने बीमकको बीमाङ्कीय मूल्याङ्कन गरी बीमकको दायित्व भुक्तानीका लागि वित्तीय सवलता यकिन गर्ने व्यवस्था गर्न वाञ्छनीय भएकोले बीमा ऐन, २०४९ को दफा ८ (घ२) ले दिएको अधिकार प्रयोग गरी बीमा समितिले “निर्जीवन तथा पुनर्बीमा व्यवसाय गर्ने बीमकको बीमाङ्कीय मूल्याङ्कन सम्बन्धी निर्देशिका, २०७६” लागु गरेको छ ।

१. **संक्षिप्त नाम र प्रारम्भ:** (१) यो निर्देशिकाको नाम “निर्जीवन तथा पुनर्बीमा व्यवसाय गर्ने बीमकको बीमाङ्कीय मूल्याङ्कन सम्बन्धी निर्देशिका, २०७६” रहेको छ ।

(२) यो निर्देशिका आर्थिक वर्ष २०७६/७७ देखिको बीमाङ्कीय मूल्याङ्कन गर्दा लागु हुनेछ ।

२. **परिभाषा:** विषय वा प्रसंगले अर्को अर्थ नलागेमा, यस निर्देशिकामा,

(क) “ऐन” भन्नाले बीमा ऐन, २०४९ लाई सम्झनु पर्छ ।

(ख) “बीमक” भन्नाले निर्जीवन तथा पुनर्बीमा बीमा व्यवसाय गर्ने बीमक सम्झनु पर्छ ।

(ग) “बीमाङ्की” भन्नाले बीमा नियमावली, २०४९ को नियम ३५ तथा यस निर्देशिका बमोजिम योग्यता पुगेको बीमाङ्की सम्झनु पर्छ ।

(घ) “बीमाङ्कीय मूल्याङ्कन” भन्नाले बीमकको सम्पत्ति तथा दायित्वको दफा ४ बमोजिम गरिने मूल्याङ्कन सम्झनु पर्छ ।

(ङ) “समिति” भन्नाले बीमा समिति सम्झनु पर्दछ ।

३. **बीमाङ्कीको नियुक्ति:** (१) बीमकले बीमाङ्कीय मूल्याङ्कन गर्नका लागि बीमा नियमावली, २०४९ को नियम ३५ तथा यस निर्देशिका बमोजिम योग्यता पुगेको बीमाङ्की नियुक्त गर्नुपर्नेछ ।

(२) उपदफा (१) बमोजिम नियुक्त हुने बीमाङ्कीको योग्यता, काम कर्तब्य र अन्य ब्यवस्था अनुसूची-१ बमोजिम हुनेछ ।

(३) उपदफा (१) बमोजिम नियुक्त हुने बीमाङ्कीले अनुसूची-२ बमोजिमको ढाँचामा आफ्नो विवरण उपलब्ध गराउनु पर्नेछ ।

(४) उपदफा (१) बमोजिम नियुक्त हुने बीमाङ्कीसंग बीमकले कम्तिमा अनुसूची-३ मा उल्लेख भए बमोजिमको बिषय उल्लेख गरी सम्झौता गर्नु पर्नेछ ।

- (५) उपदफा (४) बमोजिम सम्झौता गर्नु अघि कार्यकारी प्रमुखले प्रस्तावित बीमाङ्कीको बारेमा सत्यतथ्य बुझी ऐन, नियमावली तथा यस निर्देशिका बमोजिम नियुक्त गरेको भनी **अनुसूची-४** बमोजिम स्वघोषणा गर्नुपर्नेछ ।
- (६) बीमकले बीमाङ्कीय मूल्याङ्कन गर्नु अघि आर्थिक वर्ष समाप्त भएको दुई महिना भित्र समितिबाट आफ्नो वित्तीय विवरणको सैद्धान्तिक स्वीकृति लिनु पर्नेछ ।

४. बीमाङ्कीय मूल्याङ्कन गर्नुपर्ने: (१) बीमकले प्रत्येक आर्थिक वर्षको अन्त्यमा रहेको सम्पत्ति र दायित्वको मूल्याङ्कन यस निर्देशिकाको अधीनमा रही गर्नुपर्नेछ ।

- (२) उपदफा (१) बमोजिम बीमाङ्कीय मूल्याङ्कन गर्दा **अनुसूची-५** बमोजिमको सामान्य नियम पालना गर्नुपर्नेछ ।
- (३) बीमकले प्रत्येक आर्थिक वर्ष समाप्त भएको चार महिना भित्र **अनुसूची-६** बमोजिमको ढाँचामा बीमाङ्कीय मूल्याङ्कन प्रतिवेदन पेश गर्नुपर्नेछ ।
- (४) उपदफा (३) बमोजिम पेश भएको प्रतिवेदन समितिले आवश्यक ठानेमा अन्य बीमाङ्कीद्वारा पुनरावलोकन (Peer Review) गर्न बीमकलाई निर्देशन दिन सक्नेछ ।

५. स्वघोषणा गर्नुपर्ने: बीमाङ्कीय मूल्याङ्कन प्रतिवेदनमा देहायका बिषयमा स्वघोषणा संलग्न गरेको हुनुपर्नेछ:

- (क) तथ्याङ्क शुद्ध तथा विश्वसनीय रहेको भनी कार्यकारी प्रमुखद्वारा गरिएको स्वघोषणा ।
- (ख) तथ्याङ्क पर्याप्त रहेको, तथ्याङ्क सदुपयोग गरिएको र तथ्याङ्क गोप्य राखिएको भनी बीमाङ्कीद्वारा गरिएको स्वघोषणा ।

६. बीमकको गणनायोग्य सम्पत्ति: (१) बीमकको गणनायोग्य सम्पत्ति (Admissible Assets) को मूल्य निर्धारण गर्दा आर्थिक वर्षको अन्त्यमा रहेको सम्पत्तिको मूल्य अनुसार गर्नु पर्नेछ ।

(२) बीमकको गणनायोग्य सम्पत्ति निर्धारण सम्बन्धी अन्य व्यवस्था **अनुसूची-७** बमोजिम हुनेछ ।

(३) बीमकले उपदफा (२) बमोजिमको गणनायोग्य सम्पत्ति यस निर्देशिका बमोजिम निर्धारण भएको व्यहोरा लेखापरीक्षकबाट प्रमाणित गराई बीमाङ्कीलाई उपलब्ध गराउनुपर्नेछ ।

७. सोलभेन्सी निर्धारण: (१) बीमकले दायित्व निर्धारण गर्दा **अनुसूची-८** मा उल्लेख भए बमोजिम गर्नु पर्नेछ ।

(२) बीमकले सोलभेन्सी मार्जिन अनुपात गणना गर्दा **अनुसूची-९** मा उल्लेखित बिधि बमोजिम गर्नु पर्नेछ ।

(३) बीमकहरुको सोलभेन्सी मार्जिन अनुपात न्युनतम १.५ (एक दशलमलव पाँच) हुनुपर्नेछ ।

(४) बीमकको सोलभेन्सी अनुपातको आधारमा समितिको सुपरीवेक्षकीय कार्य **अनुसूची-१०** बमोजिम हुनेछ ।

(५) बीमकको सोलभेन्सी मार्जिन कम हुने देखिएमा बीमाङ्कीले समितिलाई तुरुन्त जानकारी गराउनु पर्नेछ ।

(६) कावु बाहिरको परिस्थितिको कारणले अत्याधिक दावी सिर्जना भएको अवस्थामा सोलभेन्सी मार्जिन अनुपात १.५ (एक दशलमलव पाँच) भन्दा कम भएमा बीमकले तत्काल समितिलाई जानकारी गराउनु पर्नेछ ।

(७) उपदफा (६) बमोजिमको परिस्थिति परी बीमकले समितिलाई जानकारी गराएमा समितिले उपयुक्त कदम चाल्नेछ ।

८. ब्याख्या गर्ने अधिकार: यो निर्देशिकाको प्रयोगमा कुनै दुविधा उत्पन्न भएमा सो को ब्याख्या गर्ने अधिकार समितिमा रहनेछ ।

९. खारेजी र बचाऊ: (१) निर्जीवन बीमा व्यवसाय गर्ने बीमकको सोलभेन्सी मार्जिन निर्देशिका २०७१ खारेज गरिएको छ ।

(२) निर्जीवन बीमा व्यवसाय गर्ने बीमकको सोलभेन्सी मार्जिन निर्देशिका, २०७१ बमोजिम भए गरेका सम्पूर्ण कार्यहरू यसै निर्देशिका बमोजिम भए गरेको मानिनेछ ।

अनुसूची-१

बीमाङ्कीको योग्यता, काम तथा कर्तव्य

(निर्देशिकाको दफा ३ संग सम्बन्धित)

Annexure- 1

Qualification, Duties and Responsibilities of Actuary

1. Actuary means a fellow member of any of the following professional bodies: -
 - a) Institute and Faculty of Actuaries, U.K
 - b) Institute of Actuaries of India
 - c) Casualty Actuarial Society, USA
 - d) Canadian Institute of Actuaries
 - e) Institute of Actuaries of Australia
 - f) Other professional body recognized by Beema Samiti
2. Insurer shall submit all the required documents to Beema Samiti duly certified by such actuary in his/her professional capacity.
3. An individual or a partner of a firm of actuaries is eligible to be appointed as actuary, if he/she meets the following criteria:
 - a) That he/she is a fellow of any one of the professional bodies listed above in point no.1 [Evidence required-certificate of fellowship];
 - b) That he/she should hold certificate of practice in area of General Insurance;
 - c) That he/she has at least two years' experience in general insurance-with documentary evidence;
 - d) That he/she has not committed any breach of professional or other misconduct (self-declaration shall be furnished); and
 - e) That he/she has no conflict of interest with the insurer.
4. Duties and Responsibilities of Actuaries
 - (a) Complete actuarial valuation report as per time mentioned in the contract;
 - (b) If any serious issues or issues having long term impact arises during actuarial valuation, that should be reported to the regulator as soon as possible;
 - (c) Follow the norms and rules of actuarial valuation while preparing the report;
 - (d) Prevailing laws of Nepal shall prevail in the entire process of preparation of the report.

अनुसूची-२
बीमाङ्कीको विवरण
(निर्देशिकाको दफा ३ संग सम्बन्धित)

Annexure - 2
Details of Actuary

Item No.	Particulars	Responses
1	Name of Insurer	
2	Name of Actuary	
3	Residential Address with email; mobile/ telephone number	
4	Official Address with email; mobile/ telephone number, fax	
5	Date of Appointment	
6	Date of Birth and Nationality	
7	Passport No. [Valid one]	
8	Annual Remuneration and fringe benefits	
9	If any share is hold in insurance company (for which the applicant is the appointed actuary)	
10	Name of professional body which granted fellowship	
11	Fellowship no. and year	
12	Work experience (give also particulars of previous experience as appointed actuary in Nepal or elsewhere)	
13	Achievements and special positions held presently or previously	
14	Names, countries of incorporation, addresses and principal activities of any other firms or companies in which the applicant was a director, partner, proprietor or employee	
15	Has the applicant been adjudicated bankrupt during the last ten years? If so, give details	
16	Has any professional body or any insurance regulator warned or reprimanded the applicant? If so give details	
17	Has applicant been discontinued membership with the professional body at any time previously or present, if so, state the period and dates during which applicant was not a member, and reasons for discontinuance in that period	

Certification:

I, being an actuary in practice, hereby certify that the information given in this form is complete, true and correct, and also enclose the Certificate of Practice issued by the (*relevant professional body*) and Continuous Professional Development (CPD) from my professional body and that I am not an appointed actuary for any other insurer in Nepal.

Place:

Date:

Signature of Actuary
COP/CPD No.:

अनुसूची-३

बीमाङ्कीसंग गरिने सम्झौतामा खुलाउनु पर्ने न्यूनतम बिषय

(निर्देशिकाको दफा ३ संग सम्बन्धित)

Annexure-3

Minimum Disclosures in Contract with the Actuary

1. The details about actuary as per Annexure-2;
2. The name, address and contacts of the insurer;
3. Date of commencement and completion of the duty assigned;
4. Salary and other benefits to be provided to the Actuary;
5. Additional duty to be assigned to the actuary other than mentioned in this directive;
6. The steps to be taken by the insurer if the actuary could not accomplish the assigned duty on agreed time;
7. Exchange of true and correct data and information;
8. Other information to be included as per the prevailing laws.

अनुसूची-४

कार्यकारी प्रमुखद्वारा बीमाङ्कीको सम्बन्धमा गरिएको स्वघोषणा
(निर्देशिकाको दफा ३ संग सम्बन्धित)

Annexure- 4

Self-Declaration by the CEO regarding the Actuary

Certification from the chief executive officer of the Insurer

I hereby certify that I have done the due diligence in regard to selection and appointment of Actuary.

Counter signed by the Chief Executive Officer of insurer:

Name:

Date:

With seal of the company.

अनुसूची-५

समान्य नियम

(निर्देशिकाको दफा ४ संग सम्बन्धित)

Annexure-5
General Rules

1. Every non-life insurer and reinsurer shall examine its financial statements at the end of each financial year or at any time specified by Beema Samiti, including valuation of its assets and liabilities and furnish a report as per Annexure-VI.
2. The reserves determined by the insurer according to this directive as per Annexure-VI, duly certified by the appointed actuary should be adequate to meet all current and contingent liabilities in respect of insurer's business on its books of accounts.
3. Appointed actuary shall sign in each page of the report prior to submitting it to Beema Samiti.
4. A copy of the report prepared under Rule 1 shall be submitted to Beema Samiti within four months of completion of each financial year. Beema Samiti shall have power to call for any additional information and documents relating to the actuarial valuation report.
5. Beema Samiti shall take necessary action against the insurer that fails to submit the actuarial valuation report under these rules within the time schedule prescribed.

अनुसूची-६
बीमाङ्कीय मूल्याङ्कन प्रतिवेदन
(निर्देशिकाको दफा ४ संग सम्बन्धित)

Annexure -6

ACTUARIAL REPORT

1. Name and Address of Insurer with phone, email, fax
2. Date of Registration
3. Date of commencement of business
4. Name and address of Actuary
5. Valuation Date
6. Brief description of the products of the insurer included in the abstract. *(The Actuary shall mention the salient features of the products, furnishing the names of the new products introduced during the inter-valuation period).*
7. Any events that occurred during the financial year which the actuary considers necessary to report in this abstract.
8. Describe methods employed to estimate for each of the general insurance reserves mentioned in Table 1.

Table 1
Technical Reserve [All figures in 000 NRs.]

S.N.	Category of Liabilities	Gross	Reinsurance	Net
1.	Unexpired Risk Reserve (URR) [This should not be less than 50% of Net Written Premium]			
2.	Premium Deficiency Reserve (PDR)			
3.	IBNR including IBNER reserves			
4.	Outstanding Claim Reserves (Not less than 115% of Outstanding Claim)			
5.	MAD (Margin for Adverse Deviations)			
6.	Other Reserves (if any)			
	Total Technical Reserves			

Table 2
Total Liabilities

S.N.	Category of Liabilities	Amount in NPR '000
A	Total Technical Reserve (net of reinsurance) (from table 1)	
C	Long term loans and advances payable (see annex -8)	
D	Current Liabilities (see annex -8)	
E	Other Provisions (see annex -8)	
Total Liabilities		

Table 3
Computation of Technical Reserve net of Reinsurance

S. N.	Class of business	Gross Premium	Net Premium (net of reinsurance)	Net of reinsurance					Total
				Unexpired Risk Reserve	Premium Deficiency Reserve	IBNR including IBNER reserves	Outstanding Claim Reserve	MAD [Margins for Adverse Deviations]	
1	Property								
2	Motor								
	Motor Own Damage								
	Motor Third Party Liability								
3	Marine								
4	Engineering								
5	Aviation								
6	Cattle and Crop Insurance								
	Cattle Insurance								
	Crop Insurance								
7	Micro-Insurance								
8	Miscellaneous								
	Group Personal Accident								
	Personal Accident								
	Health								
	Trekking								
	Product Liability								
	Directors and Officers Liability Insurance								
	Public liability								
	Cash Insurance								
	Bankers Indemnity Insurance								
Specify (if any)									
9	Life Insurance								
Total									

Note: Item 9 (Life Insurance) is applicable for reinsurer only.

Table 4
Underwriting profit

S.N.	Class of Business	Underwriting Profit	
		Current Year	Previous Year
1	Property		
2	Motor		
	Motor Own Damage		
	Motor Third Party Liability		
3	Marine		
4	Engineering		
5	Aviation		
6	Cattle and Crop Insurance		
	Cattle Insurance		
	Crop Insurance		
7	Micro-Insurance		
8	Miscellaneous		
	Group Personal Accident		
	Personal Accident		
	Health		
	Trekking		
	Product Liability		
	Directors and Officers Liability Insurance		
	Public liability		
	Cash Insurance		
	Bankers Indemnity Insurance		
	Specify (if any)		
9	Life Insurance		

Note: Item 9 (Life Insurance) is applicable for reinsurer only.

Table 5
Statement of Admissible Assets (see annex-7)

S.N.	Category of Asset	Assets Amount in '000	Admissible Assets in '000	Factor	Adjusted Assets
	(1)	(2)	(3)	(4)	(5)
Fixed Assets					
1	Freehold Land				
2	Building				
3	Furniture and Fixture				
4	Office Equipment				
5	Computer and Accessories				
6	Software				
7	Vehicle				
8	Leasehold Premises				
9	Other Fixed Assets (Specify)				
Total Fixed Assets[A]					
Investments					
10	Investment in Bonds issued by Government of Nepal or Nepal Rastra Bank (NRB) or Bond guaranteed by Government of Nepal				
11	Fixed Deposit in A Class Banks licensed by NRB.				
12	Fixed Deposit in Nepal Infrastructure Development Bank licensed by NRB.				
13	Real Estate				
14	Investment in shares of listed companies				

15	Investment in nonconvertible preference shares and debentures/bonds issued by A, B and C class banks and financial institutions licensed by NRB.				
16	Investment in secured debentures/bonds issued listed public limited companies				
17	Investment in agriculture, tourism and hydropower and other infrastructure sector				
18	Investment in mutual fund and schemes of citizen investment fund				
19	Fixed Deposit in B Class Banks licensed by NRB.				
20	Fixed Deposit in C Class Banks licensed by NRB.				
21	Other investments (specify)				
Total Investment[B]					
22	Cash and Bank Balances				
23	Long Term Loan				
24	Short Term Loan				
25	Other Assets (Specify)				
Other Assets[C]					
Total Assets=[A]+[B]+[C]					

Table 6
Statement of Solvency Margin (see annex-9)

Row No.	Row Name	Current Year-Amount	Previous Year-Amount
1	Available Solvency Margin [R6]		
2	Required Solvency Margin [R7]		
3	Solvency Ratio [R1/R2]		
4	Total Adjusted Assets [From table No. 5]		
5	Total Liabilities [Form table No. 2]		
6	Available Solvency Margin [R4-R5]		
7	Required Solvency Margin [RSM] [Higher of R8, R9 and R10]		
8	50% of Minimum Regulatory Paid up Capital		
9	20% of Net Premium [20% of R11]		
10	40% of Net Claim Reserve		
11	Net Premium for solvency purpose [Higher of R12 and R13]		
12	Net Premium after reinsurance		
13	Net Gross Written Premium[see table 7---C4 in R10]		
14	Net Claim Reserve for Solvency Purpose[Higher of R15 and R16]		
15	Net Gross Incurred Claims [from table 7—C6 in R10]		
16	Average Net Claim Reserve[(R17+R18+R19)/3*]		
17	Net Claim Reserve year 3		
18	Net Claim Reserve year 2		
19	Net Claim Reserve year 1		

***If the number of items in numerator is less than 3, take the number items.**

Table 7
Net Gross Written Premium and Net Gross Incurred Claims in statement of solvency

S.N.	Class of business	Gross Written Premium	Factor	Net Gross Written Premium	Gross Incurred Claims	Net Gross Incurred Claims
	C1	C2	C3	C4=C2*C3	C5	C6=C5*C3
1	Property		0.7			
2	Motor					
	Motor Own Damage		0.7			
	Motor Third Party Liability		0.7			
3	Marine		0.85			
4	Engineering		0.70			
5	Aviation		0.85			
6	Cattle and Crop					
	Cattle Insurance		0.5			
	Crop Insurance		0.7			
7	Micro-insurance		0.5			
8	Miscellaneous					
	Group Personal Accident		0.5			
	Personal Accident		0.5			
	Health		0.5			
	Trekking		0.5			
	Product Liability		0.5			
	Directors and Officers Liability		0.5			
	Public liability		0.5			
	Cash Insurance		0.5			
	Bankers Blankets Insurance		0.5			
	specify (if any)		0.5			
9	Life Insurance		0.5			
Total						

Note: Item 9 (Life Insurance) is applicable for reinsurer only.

Certification:

Certify, (the name of actuary), being the actuary to the best of my knowledge,

- (a) I certify that the amounts and figures represent true and fair view of the insurer's assets and liabilities, and also the solvency of the insurer, according to my knowledge. In respect of the value of assets I relied on the certificate of auditor.
- (b) I have included each and every reported claim of the insurer for which there exist a liability in estimating the reserves
- (b) I have taken all reasonable steps to ensure the accuracy and completeness of the data mentioned in item (a) above;
- (c) I have complied with the relevant actuarial professional standards in the determination of reserves and that in my opinion that the net liability so determined by me, is adequate.
- (d) I have ensured in respect of compliance with the requirements of the Beema Samiti in respect of the returns mentioned below, to best of my knowledge.

1. Name and address of actuary with phone number and e-mail:

2. Signature:

3. Membership details

4. Place:

5. Date:

Certificate of chief executive officer of the insurer

In terms of insurance industry regulations, I certify that full and accurate particulars, of every reported claim under which there is a liability either actual or contingent, have been furnished to the actuary: (name).

1. Name:

2. Signature:

3. Name and address of insurer with phone/fax numbers (with insurer's company seal)

4. Place:

5. Date:

अनुसूची-७
गणनायोग्य सम्पत्ति तालिका
(निर्देशिकाको दफा ६ संग सम्बन्धित)

Annexure- 7
Statement of Admissible Assets

S.N.	Category of Asset	Assets Amount in '000	Admissible Assets in '000	Factor	Adjusted Assets
	(1)	(2)	(3)	(4)	(5)
Fixed Assets					
1	Freehold Land				
2	Building				
3	Furniture and Fixture				
4	Office Equipment				
5	Computer and Accessories				
6	Software				
7	Vehicle				
8	Leasehold Premises				
9	Other Fixed Assets (Specify)				
Total Fixed Assets[A]					
Investments					
10	Investment in Bonds issued by Government of Nepal or Nepal Rastra Bank (NRB) or Bond guaranteed by Government of Nepal				
11	Fixed Deposit in A Class Banks licensed by NRB.				
12	Fixed Deposit in Nepal Infrastructure Development Bank licensed by NRB.				
13	Real Estate				

14	Investment in shares of listed companies				
15	Investment in nonconvertible preference shares and debentures/bonds issued by A, B and C class banks and financial institutions licensed by NRB.				
16	Investment in secured debentures/bonds issued listed public limited companies				
17	Investment in agriculture, tourism and hydropower and other infrastructure sector				
18	Investment in mutual fund and schemes of citizen investment fund				
19	Fixed Deposit in B Class Banks licensed by NRB.				
20	Fixed Deposit in C Class Banks licensed by NRB.				
21	Other investments (specify)				
Total Investment[B]					
22	Cash and Bank Balances				
23	Long Term Loan				
24	Short Term Loan				
25	Other Assets (Specify)				
Other Assets[C]					
Total Assets=[A]+[B]+[C]					

Note:-

The table should show the assets amount as mentioned in the current audited balance sheet date, prepared in accordance with the Beema Samiti directive;

- i. Column No. 1 shall be the category of assets as mentioned in financial statement of insurers.
- ii. Column No. 2 shall be carrying amount of the assets as mentioned in Financial Statement of insurers at the end of fiscal year.

- iii. Investment in negotiable instruments which is listed according to prevailing laws shall be valued at market price.
- iv. Column No 3 shall be the amount of the admissible assets.
- v. Item no. 22 shall be considered as fully admissible.
- vi. Investment assets shall be considered admissible which meets the admissibility criteria as mentioned in section (4) of Insurer's Investment Directive, 2075. Investment for which approval of the Beema Samiti is required their admissibility shall be determined as mentioned in such letter of approval.
- vii. Fixed assets and investment in real estate are accounted in accordance with historical cost concept after deduction of depreciation on cost price.
- viii. Revaluation, if any, of fixed assets and investment in real estate shall be ignored;
- ix. Furniture, fixtures, software and leasehold premises shall not be considered as admissible.
- x. In case of reinsurer premiums receivables to the extent they are not realized within a period of 90 days shall not be considered admissible.
- xi. Sundry debts, Advances and receivables which are overdue for more than 180 days shall not be considered as admissible.
- xii. Dead stock and stationery items shall not be considered as admissible.
- xiii. Reinsurer's balances outstanding for more than 180 days' and Co-insurer's balances outstanding for more than 90 days shall not be considered as admissible.
- xiv. Intangible assets, like goodwill, patents, trademarks, deferred tax and others shall not be considered as admissible.
- xv. Preliminary expenses, deferred expenses, profit and loss appropriation account debit balance and any fictitious assets other than pre-paid expenses shall not be considered as admissible.

अनुसूची-८
दायित्वको निर्धारण
(निर्देशिकाको दफा ७ संग सम्बन्धित)
Annexure - 8
Determination of Liabilities

1. Determination of Liabilities :

The amount of liabilities shall be determined as follows:

- The amount of liabilities shall be determined at the end of fiscal year.
- The amount of liabilities shall be equal to sum of technical reserve and other liabilities.

2. Unexpired Risk Reserve (URR):

Unexpired Risk Reserves (URR) means the reserves in respect of the liabilities for unexpired risks. URR will be estimated using $1/365^{\text{th}}$ model and shall be certified by the CEO of the Insurer. This should not be less than 50% of net written premium. But in case of marine insurance the amount to be kept at reserve fund for at least three years shall not be considered to be profit.

3. Premium Deficiency Reserve (PDR):

Premium Deficiency Reserve (PDR) means the reserve held in excess of the unexpired risk reserve, which allows for any expectation that the unearned premium reserve will be insufficient to cover the cost of claims and related expenses incurred during the period of unexpired risk. The PDR shall be calculated using sound actuarial principles, and the same shall be certified by the actuary.

4. Outstanding Claim Reserves:

Outstanding claim reserve means the provision made in respect of all outstanding reported claims as at the end of fiscal year. The outstanding claims reserve shall be determined in the following manner:

- Where the amount of outstanding claims of the insurer is known, the amount is to be provided in full;
- Where the amount of outstanding claims can be reasonably estimated according to the insurer, insurer shall follow the 'case by case method' after taking into account the explicit allowance for changes in the settlement pattern or average claim amounts, expenses and inflation;
- For lines of business, where the Appointed Actuary is of the view that the statistical method is most appropriate for the estimation of Outstanding claims, the Appointed Actuary may use the appropriate statistical method of claims reserving instead of following case by case method. In such cases, the claims outstanding reserve shall be certified by Appointed Actuary. Where the Appointed Actuary identifies material changes in the claims handling

practices, their impact on the outstanding claims reserve pattern shall be taken into account and reported.

5. Margins for Adverse Deviations (MAD):

Assumptions made in estimation of outstanding claims can be sensitive. The Actuary can further increase the reserve using theory of margins for adverse deviation. The MAD shall be calculated using sound actuarial principles, and the same shall be certified by the actuary.

6. Incurred but Not Reported (IBNR) Claims Reserve:

The incurred but not reported (IBNR) claims reserve shall be determined using actuarial principles and methods.

- The IBNR shall be estimated using appropriate actuarial principles and shall be certified by the Appointed Actuary.
- The Appointed Actuary shall estimate IBNR on both net of reinsurance and gross of reinsurance basis.
- The Appointed Actuary shall estimate the provision for IBNR for each year of occurrence and the figures shall be aggregated to arrive at the total amount to be provided.
- If estimate of IBNR provision for any year of occurrence is negative, the Appointed Actuary shall re-examine the underlying assumptions. Even after re-examination, if the mathematics produces negative value, the Appointed Actuary shall ignore the IBNR provision for that year of occurrence.
- The estimation process shall not discount the estimated future development of paid claims to the current date.
- The following Standard Actuarial Methods may be used for the estimation of IBNR reserves:
 - (a) Basic Chain Ladder Method (both on incurred and paid claims)
 - (b) Bornhuetter Ferguson Method (both on incurred and paid claims)
 - (c) Frequency – Severity Method
- The Appointed Actuary shall use more than one method to arrive at an estimate that she/he believes is adequate to meet the future liabilities.
- Appointed Actuary may use methods other than standard actuarial methods of IBNR estimation.
- Appointed Actuary shall provide an explanation of the rationale underlying the selection of a particular method over the other available methods along with the advantages and disadvantages of doing so.
- Where the results of different methods or assumptions differ, an appointed actuary shall use the method in which the reserve is highest.

7. Other Liabilities

- Long term loan and advances payable shall be as per schedule 16 of the financial statement as prescribed by Beema Samiti.
- Current liabilities shall be as per schedule 22 of the financial statement as prescribed by Beema Samiti.
- Other liabilities shall be as per schedule 23(ka) of the financial statement as prescribed by Beema Samiti.

अनुसूची-९
सोलभेन्सी अनुपात गणना विधि
(निर्देशिकाको दफा ७ संग सम्बन्धित सोलभेन्सी अनुपात)

Annexure - 9
Method for Solvency Calculation

Solvency Calculation Table

Row No.	Row Name	Current Year-Amount	Previous Year-Amount
1	Available Solvency Margin [R6]		
2	Required Solvency Margin [R7]		
3	Solvency Ratio [R1/R2]		
4	Total Adjusted Assets [From table No. 5]		
5	Total Liabilities [From table No. 2]		
6	Available Solvency Margin [R4-R5]		
7	Required Solvency Margin [RSM] [Higher of R8, R9 and R10]		
8	50% of Minimum Regulatory Paid up Capital		
9	20% of Net Premium [20% of R11]		
10	40% of Net Claim Reserve		
11	Net Premium for solvency purpose [Higher of R12 and R13]		
12	Net Premium after reinsurance		
13	Net Gross Written Premium[see table 7---C4 in R10]		
14	Net Claim Reserve for Solvency Purpose[Higher of R15 and R16]		
15	Net Gross Incurred Claims [from table 7—C6 in R10]		
16	Average Net Claim Reserve[(R17+R18+R19)/3*]		
17	Net Claim Reserve year 3		
18	Net Claim Reserve year 2		
19	Net Claim Reserve year 1		

***If the number of items in numerator is less than 3, take the number items.**

Table 7
Net Gross Written Premium and Net Gross Incurred Claims in statement of solvency

S.N.	Class of business	Gross Written Premium	Factor	Net Gross Written Premium	Gross Incurred Claims	Net Gross Incurred Claims
	C1	C2	C3	C4=C2*C3	C5	C6=C5*C3
1	Property		0.7			
2	Motor					
	Motor Own Damage		0.7			
	Motor Third Party Liability		0.7			
3	Marine		0.85			
4	Engineering		0.70			
5	Aviation		0.85			
6	Cattle and Crop					
	Cattle Insurance		0.5			
	Crop Insurance		0.7			
7	Micro-insurance		0.5			
8	Miscellaneous					
	Group Personal Accident		0.5			
	Personal Accident		0.5			
	Health		0.5			
	Trekking		0.5			
	Product Liability		0.5			
	Directors and Officers Liability		0.5			
	Public liability		0.5			
	Cash Insurance		0.5			
	Bankers Blankets Insurance		0.5			
specify (if any)		0.5				
9	Life Insurance		0.5			
Total						

Note: Item 9 (Life Insurance) is applicable for reinsurer only.

- **“Available Solvency Margin”** means the excess of the total adjusted assets (Statement of Admissible Assets) over the total liabilities.
- **“Required Solvency Margin”** shall be not be less than the highest of the following:
 - (a) Fifty percent of regulatory paid up capital or
 - (b) Twenty percent of net premium; or
 - (c) Forty percent of average net claim reserve for the three years immediately preceding the current year.
- **“Solvency ratio”** means the ratio of the Available Solvency Margin to the amount of Required Solvency Margin.

अनुसूची-१०
सुपरिवेक्षकीय कार्य
(निर्देशिकाको दफा ७ संग सम्बन्धित)

Annexure - 10
Supervisory Action

Solvency Ratio	Action to be taken
More than 150%	<ul style="list-style-type: none">• Routine action
More than 135% to 150%	<ul style="list-style-type: none">• Greater supervision with on-site intervention
More than 120% to 135%	<ul style="list-style-type: none">• Greater supervision with on-site intervention• More thorough analysis and projections
More than 100% to 120%	<ul style="list-style-type: none">• Greater supervision with on-site intervention• Require action plan with accompanying financial projections that show how the required size for equity will be achieved within prescribed time limit.
100% or less than 100%	<ul style="list-style-type: none">• Enforcement Action• Capital Injection
