OFFICE ORDER

Constitution of Working Groups on Convergence of the Risk Based Capital (RBC) Framework with the Indian Accounting Standards (IndAS)

Ref No.: IRDAI/RBC/ORD/MISC/150/11/2026 **Date: 10 November, 2026**

1. The Authority is in the process of transitioning the Indian insurance sector from the existing factor-based solvency regime to a **Risk Based Capital (RBC) framework**, under which the capital requirement of an insurer is to be commensurate with the risks it carries, measured on an economic (market-consistent) balance sheet.
2. Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers), (Amendment) Regulations, 2026 were notified on 30th March, 2026 wherein the financial statements are prepared and reported in accordance with applicable Indian Accounting standards (IndAS), principles and policies.
3. Both frameworks are built on the measurement of current estimates of future cash flows, discounting, and explicit allowance for risk. Running the two frameworks on separate, unconnected bases would impose duplicative cost on insurers, introduce reconciliation complexity, and create room for inconsistent outcomes and regulatory arbitrage.
4. In this background the effective approach could be that the **Ind AS financial statements shall form the starting point and basis for RBC**, with clearly defined, transparent, and evidence-based adjustments, wherever the prudential objectives of RBC, so necessitate.
5. To give effect to this approach and to develop the necessary regulatory instruments, the Competent Authority has approved the constitution of two Working Groups ('WGs'), as set out in **Annexures 1 and 2.**
6. Ms. Jamuna Choudhary and Mr. Parmeshwar Shelke shall be Member Conveners of Life and Non-Life WG, respectively.
7. The WGs shall function in close coordination. Matters common to both life and non-life business may be deliberated in **joint sittings,** whenever necessary, of the two WGs so that a single, consistent position emerges for the industry.

8. The WGs shall meet as frequently as necessary to complete the work within the timeline.
9. The quorum for a meeting of each WG shall be **at least 50% of its members**. The quorum for a joint sitting shall be at least 50% of the members of each WG separately.
10. Meetings may be held in physical, virtual or hybrid mode; participation through video-conferencing shall count towards quorum.
11. In addition to or in absence of the Appointed Actuaries or the Chief Financial Officers, the **Valuation Actuaries or the Deputy Chief Financial Officer of the respective insurer** may be authorized to attend the meeting of the WGs.
12. The WGs may co-opt or invite any expert/official, as may be considered necessary.
13. All deliberations, data, drafts and documents of the WGs are **strictly confidential** and shall not be disclosed, shared or used for any purpose other than the work of the WGs.

14. **Objectives of the Working Groups are as under:**
    a. To achieve a coherent convergence of the RBC framework with IndAS, using the IndAS financial statements as the basis for RBC, so that a single set of underlying data, models and assumptions, of valuation framework, serves both purposes to the maximum extent. The resulting RBC framework shall be transparent, comparable across insurers, resistant to arbitrage, proportionate, and implementable within a realistic transition path.
    b. To prepare the Exposure Draft of the RBC Regulations and an associated Approach Paper.

15. **Guiding Principles for the Working Groups are as under:**
    a. The proposed framework shall **not lose sight of the objectives and the integrity of the principles of both frameworks**. Convergence shall neither dilute the prudential purpose of RBC (policyholder protection at a defined confidence level), nor distort Ind AS objectives (faithful representation).
    b. While IndAS allows various choices for insurers, the WGs need to investigate the possibility of narrowing in on them based on data and outcomes, without curtailing the reasoned flexibility of the options available to the insurers.
    c. A standard approach shall be adopted across the industry, however, where any divergent approach is possible, the WG shall attempt to bridge the divergence by defining the level of governance and the methods of monitoring the divergence**.**
    d. Every recommendation shall be backed by analysis, data and quantified impact, including sensitivity testing.

16. **The Terms of Reference of the Working Groups are as under**:

a. To prepare the **Exposure Draft of the RBC Regulations**, suitable for issue for public consultation, under which the **IndAS financial statements shall be the basis for the RBC Balance Sheet.** The Exposure Draft shall, inter alia, provide for the following in consideration of the converged approach

i. definitions, applicability and commencement;

ii. the valuation of assets and liabilities for the RBC Balance Sheet, starting from IndAS carrying values, with an exhaustive list of permitted and mandatory adjustments, wherever necessary;

iii. the determination of Available Capital, including its classification into tiers and eligibility limits, wherever necessary, for IndAS based financial statements;

iv. the determination of Required Capital, including risk modules, calibration standard, aggregation and diversification;

v. appropriate treatment and approach for key components for RBC as derived from IndAS based financial statements — Debt Securities & ECL, Grouping, Initial Recognition, Contract Boundary, Valuation of Properties, Discounting, Contractual Service Margin (CSM), Risk Adjustment for non-financial risk, loss component, Insurance Acquisition Cash Flows, and reinsurance contracts held;

vi. solvency ratio, supervisory intervention levels and the ladder of supervisory action as per Section 64VA;

vii. governance, actuarial and Board responsibilities, use of internal or entity-specific approaches (if any), validation and audit;

viii. reporting, public disclosure and data-submission requirements;

ix. transitional provisions and the phased implementation path; and

x. consequential amendments required to other existing regulations of the Authority.

b. To prepare an **Approach Paper** setting out recommendations covering **all possible scenarios**, alternative approaches and their consequences, including but not limited to:

i. Sensitivity testing — sensitivity of Available Capital, Required Capital and the solvency ratio to each key assumption and methodological choice;

ii. Ranges — where a single prescribed value is not appropriate, recommended acceptable ranges (e.g. for confidence levels, cost-of-

capital rates, illiquidity premium, lapse or expense assumptions), with criteria for positioning within the range;

iii. **Materiality** — quantitative and qualitative materiality thresholds for adjustments, simplifications, disclosures and changes in approach;

iv. **Discounting** — construction of the risk-free yield curve, reference instruments, extrapolation beyond the last liquid point, ultimate forward rate (if any), currency and the top-down versus bottom-up approach;

v. **Flooring** — whether and at what level (contract, group, portfolio or entity) negative best-estimate liabilities or negative CSM should be floored, and the treatment of surrender value floors, UPR etc;

vi. **Risk margin** — scope of alignment between RBC's risk margin with IndAS's Risk Adjustment;

vii. **Illiquidity premium** — necessity and appropriateness of illiquidity premium; and

viii. any other area where alternative approaches are possible.

c. To prepare **draft template for submission of RBC data** by insurers to the Authority, covering the RBC Balance Sheet, the Ind AS-to-RBC reconciliation, Available and Required Capital by module, sensitivities, assumptions, and qualitative information.

d. To make **recommendations on adopting** the converged framework for actuarial valuation of assets and liabilities under Section 13 and 49 of Insurance Act, 1938.

e. Assess requirement of **recalibration and recommend stress factors** and additional accounting information required based on IndAS valuation.

f. Examine the treatment of foreign business under RBC vis-à-vis requirements of respective foreign jurisdictions.

g. To examine any other matter incidental to, or connected with, the above, or as may be referred to the WGs by the Authority, to ensure a well calibrated approach for implementation of RBC overlapping IndAS approach

17. The WGs shall complete their work and submit all deliverables within **one (1) month from the date of issue of this Office Order.**

18. This is issued with the approval of the Competent Authority.

S/d

C. Srinivasa Kumar
CGM (Actuarial & RBC)

Annexure 1: Working Group – Life

Sr. No.	Insurer / Institution	Designation	Names
1.	Aditya Birla Life	Chief Financial Officer	Mr. Anil Kumar Singh
2.	Bajaj Life	Appointed Actuary	Mr. Avdhesh Gupta
3.	Bandhan Life	Appointed Actuary	Mr. Kamlesh Gupta
4.	HDFC Life	Appointed Actuary	Ms. Eshwari Murugan
5.	ICICI Prudential	Appointed Actuary	Mr. Souvik Jash
6.	Kotak Life	Chief Financial Officer	Mr. Cedric Fernandes
7.	LIC of India	Appointed Actuary	Mr. Ajay Kumar Srivastava
8.	Munich Re	Chief Financial Officer	Ms. Gulshan Garda
9.	SBI Life	Appointed Actuary	Mr. Pritesh Chaubey
10.	TATA AIA	Appointed Actuary	Mr. Kshitij Sharma
11.	Institute of Actuaries India	Member of IndAS Joint Expert Group	Ms. Asha Murali
12.	IndAS, IRDAI	DGM	Mr. Mukesh Kewalramani
13.	RBC, IRDAI	DGM	Ms. Jamuna Choudhary

Annexure 2: Working Group – Non-Life

Sr. No.	Insurer / Institution	Designation	Names
1.	Bajaj General	Appointed Actuary	Mr. Gaurav Malhotra
2.	ICICI Lombard	Appointed Actuary	Mr. Prasun Sarkar
3.	IndusInd General	Chief Financial Officer	Mr. Hemant Jain
4.	Kiwi General	Appointed Actuary	Mr. Sourav Roy
5.	New India	Appointed Actuary	Mr. Sharad Ramnarayanan
6.	Niva Bupa	Appointed Actuary	Mr. Manish Sen
7.	SBI General	Appointed Actuary	Mr. Pushkar Deodhar
8.	Swiss Re	Chief Financial Officer	Mr. Sathish Kumar Durai
9.	TATA AIG	Chief Financial Officer	Mr. Sumedh Jog
10.	Institute of Actuaries India	Member of IndAS Joint Expert Group	Mr. Anurag Rastogi
11.	IndAS, IRDAI	DGM	Mr. Rambabu Gorli
12.	RBC, IRDAI	DGM	Mr. Parmeshwar Shelke