



CIRCULAR

To

All Insurers

Sub: Implementation of Ind AS in the Insurance Sector.

This has reference to IRDAI's circular reference IRDA/F&A/CIR/ACTS/146/06/2017 dated June 28, 2017 whereby the effective date of implementation of Ind AS in the Insurance Sector in India was deferred to FY 2020-21.

2. While the insurance sector was preparing to implement the Ind AS, it was noted that the International Accounting Standards Board (IASB) has taken a considered view to amend IFRS 17: Insurance Contracts, due to the concerns raised around accounting treatments, operational complexity and implementation challenges raised by various stakeholders. The IASB has indicated that they aim to issue the final amendments in mid-2020. In the Indian context, the equivalent standard of IFRS 17 is yet to be notified. After the final standard (with amendments) is notified by IASB, the corresponding standard in India will have to be notified by the Ministry of Corporate Affairs (MCA). Once the standard equivalent to IFRS 17 is notified in India, the IRDAI would be in a position to notify the Regulations on preparation of Ind AS compliant financial statements. Several other Regulations that may be impacted due to the implementation of IFRS 17 may also have to be modified appropriately.

3. It is also noted that IFRS 4 shall be replaced by IFRS 17 once the final standard is effective. Hence, implementing its equivalent (Ind AS 104) in the insurance sector in India at this juncture, would involve avoidable costs and efforts. It may therefore not be desirable to implement Ind AS 104 in the insurance sector as an interim measure. Implementation of Ind AS 109 before implementation of equivalent of IFRS 17 equivalent may cause volatility in the financial statements because of asset liability mismatch.

4. Against this background, it has been decided by the Authority in its meeting held on 20th December 2019, to implement Ind AS 109 and Ind AS equivalent of IFRS 17 simultaneously, along with all other applicable Ind AS. The effective date of implementation shall be decided after the finalization of IFRS 17 by IASB. Accordingly, the circular dated 28th June 2017 hereby, stands withdrawn and the requirement of Proforma Ind AS financial statements being submitted on a quarterly basis as directed in the circular under reference stands dispensed with.


Member (F&I)
(Pravin Kutumbe)
