

Bangladesh



Gazette

Extra Copy

Published by the Authority

---

*Tuesday, October 15, 2024*

---

[Notices and Advertisements published by Private Individuals and Corporations in exchange of money]

**Insurance Development and Regulatory Authority**  
**37/A Dilkusha Commercial Area**  
**Dhaka-1000**

**Notification**

Date: 03 Ashwin, 1431Bongabdo / 18 September 2024 AD

**S.R.O No. 313-Act / 2024:** In exercise of the powers conferred under Section 148 of the Insurance Act, 2010 (Act No. 13 of 2010), to be read with Section 43, the Government, hereby make the following rules, namely: ---

**1. Short Title and introduction:**

- (1) These rules shall be called Non-Life Insurer's Solvency Margin Regulations, 2024.
- (2) They shall come into force immediately.

**2. Definition:**

- (1) In these Regulations, unless the context requires otherwise, ----
  - (A) "Act" means the Insurance Act, 2010 (Act No. 13 of 2010);
  - (B) "Schedule" means any schedule of these regulations;
  - (C) "Insurer" means an insurer as defined in Clause (25) under Section 2 of the Finance Act; and
  - (D) "Solvency Margin" means solvency margin as defined in Clause (37) under Section 2 of the Finance Act.

(2) All the words or expressions used herein and not defined herein but defined in the Insurance Act, 2010 (Act No. 13 of 2010) or in the Insurance Development and Regulatory Authority Act, 2010 (Act No. 12 of 2010) or in any Rules or Regulations made thereunder, shall have the meanings respectively assigned to them in those Acts, Rules or Regulations.

### **3. Valuation of Assets:**

Every life Insurer shall prepare a Statement for Valuation of their Assets using FORM VALUE OF ASSETS (VA) in accordance with Schedule - 1.

### **4. Determination of Amount of Liabilities:**

Every life Insurer shall prepare a Statement of the Amount of Liabilities using FORM VALUE OF LIABILITIES (VL) in accordance with Schedule 2.

### **5. Determination of Solvency Margin:**

Every life Insurer shall prepare a Statement of Required Solvency Margin using FORM REQUIRED SOLVENCY MARGIN (RSM) and a Statement of Available Solvency Margin using FORM AVAILABLE SOLVENCY MARGIN (ASM) in accordance with Schedule 3.

### **6. Solvency Ratio:**

The Solvency Ratio of any life Insurer mentioned in Schedule-3 shall be as follows -

<b>DATE</b>	<b>MINIMUM SOLVENCY RATIO</b>
(1)	(2)
<b>31-12-2025</b>	<b>1.0</b>
<b>31-12-2026</b>	<b>1.2</b>
<b>31-12-2028</b>	<b>1.5</b>
<b>31-12-2030</b>	<b>2.0</b>
<b>31-12-2032</b>	<b>2.2</b>
<b>31-12-2035</b>	<b>2.5</b>

## **SCHEDULE 1**

**(See Regulation 3)**

### **(A) VALUATION OF ASSETS**

The following assets will be calculated at Zero (0) value ----

- a) All bad debts;
- b) All un-collectible advances;
- c) Furniture, installed instruments, dead-stock, software and stationaries;
- d) Prepaid expenses;
- e) Balance of adjusted profit and loss account;
- f) Unrealized balance from re-insurers that is older than 6 months;
- g) Preliminary expenses for company formation;
- h) Intangible assets;
- i) Unpaid premium which have not be collected within 1 month or has not been return-signed by an Auditor as per Section 32 of the Act, whichever occurs earlier;  
and
- j) Agents' balances and outstanding premiums that is overdue for more than 3 months or has not been return-signed by an Auditor as per Section 32 of the Act, whichever occurs earlier.

**(B) STATEMENT OF VALUATION OF ASSETS**

**FORM - VALUE OF ASSETS (VA)**

STATEMENT OF ASSETS AS AT 31<sup>st</sup> DECEMBER \_\_\_\_\_

Name of the Non-Life Insurer \_\_\_\_\_

Registration Number \_\_\_\_\_ Date of Registration \_\_\_\_\_

Serial No.	Category of Assets	Amount (in Taka)
(1)	(2)	(3)
1.	Cash and Cash Equivalents	
2.	Government Securities (Lower of 'Market Price' or 'Fair Value')	
3.	Fixed Deposits (Whichever amount is collectible)	
4.	Investment in equities and shares (Lower of 'Market Price' or 'Fair Value')	
5.	Mutual Fund (Lowest of the 'Market Price' or 'Net Asset Value' or 'Fair Value')	
6.	Debentures/Bonds (Lower of 'Market Price' or 'Fair Value')	
7.	Investment in other securities (Lower of 'Market Price' or 'Fair Value')	
8.	Investment in Property/Real Estate (Lower of 'Purchase Price' or 'Fair Value')	
9.	Other Tangible Assets (Lowest of the 'Purchase Price', or 'Discounted Price' or 'Fair Value')	
10.	TOTAL Assets	

**SCHEDULE 2**  
**(See Regulation 4)**

**(A) VALUATION OF LIABILITIES**

In determining the liabilities, the following will be considered as the liabilities of a Non-Life Insurer:

- (A) Reserve against outstanding claims has to be calculated as follows -
- (1) Reserve against the full amount of outstanding claims where the amount is known;
  - (2) Reserve against the estimated amount of outstanding claims where such amount can be reasonably estimated on a case-by-case basis considering relevant aspects;
- (B) In cases where Claim has been received but the Report has not been given, liability has to be determined as per instructions of the Authority;
- (C) Reserve against risks, which have not expired, has to be determined as per following method -

<b>Sl. No.</b>	<b>Category of Business</b>	<b>Rate of Reserve Against Unexpired Risk</b>
(1)	Net Premium of Fire Insurance business	40%
(2)	Marine Business (except Marine Hull Insurance	50%
(3)	Marine Hull Insurance Business	100%
(4)	Motor Insurance Business	40%
(5)	Aviation Insurance Business	100%
(6)	Miscellaneous Insurance Business	50%
(7)	Health Insurance Business	100%

(D) Other Liabilities

- (1) Reserves against Bad and Doubtful Debts;
- (2) Reserves against Declared/Recommended Dividend and Fully Unpaid Dividends;
- (3) Reserves against Taxes;
- (4) Miscellaneous Dues to various Creditors;
- (5) Premium Accumulations;
- (6) Reserves against unforeseen losses;
- (7) Loans from Banks and Financial Institutions and unsettled Interest against the loans;
- (8) Amount due to other insurers against on-going insurance business;
- (9) Net Unpaid Claims; and
- (10) Any other liabilities as may be determined by the Authority.

**(B) STATEMENT OF VALUATION OF LIABILITIES**

**FORM - VALUE OF LIABILITIES (VL)**

SUMMARY OF VALUATION OF LIABILITIES AS AT 31<sup>st</sup> DECEMBER \_\_\_\_\_

Name of the Non-Life Insurer \_\_\_\_\_

Registration Number \_\_\_\_\_ Date of Registration \_\_\_\_\_

*Amt in Taka 000s*

<b>Serial No.</b>	<b>Description</b>	<b>Reserves against Unexpired risks</b>	<b>Reserves for outstanding claims</b>	<b>Incurred But Not Reported (IBNR) Reserves</b>	<b>Total (3 + 4 + 5)</b>
(1)	(2)	(3)	(4)	(5)	(6)
1	Fire				
2	Marine Business except Marine Hull Insurance				
3	Marine Hull				
4	Motor				
5	Aviation				
6	Miscellaneous				
7	Health insurance				
8	<b>Total liabilities</b>				

**SCHEDULE 3**  
**(See Regulation 5)**

**(A) DETERMINING NON-LIFE INSURER'S SOLVENCY MARGIN**

1. Under this schedule -

(A) 'Actual Solvency Margin' refers to the difference (Assets shown in FORM-VA - Liabilities shown in FORM-VL) between the amounts of non-life insurer's assets (FORM - VA) and amounts of non-life insurer's liabilities (FORM - VL);

(B) 'Required Solvency Margin' refers to the solvency margin determined according to FORM - RSM;

(C) 'Solvency Ratio' is the ratio between Available Solvency Margin (ASM) and Required Solvency Margin (RSM).

2. Each insurer will determine the RSM based on FORM IDRA-NL-RSM

**(B) FORM - REQUIRED SOLVENCY MARGIN (RSM)**

Name of the Non-Life Insurer \_\_\_\_\_  
Registration Number \_\_\_\_\_ Date of Registration \_\_\_\_\_

**Table 1: Statement of Solvency Margin based on Premium**

*Amount in Taka '000s*

Sl. No	Type of Business	Gross Premium (GP)	Net Premium (NP)	Factor	Gross Premium Factor (GPF)	40% of NP	25% of GPF	Required Solvency Margin - 1 (RSM 1) <i>Whichever is higher from Col 7 or Col 8)</i>
(1)	(2)	(3)	(4)	(5)	(6) = Col(3) X Col(5)	(7)	(8)	(9)
1	Fire			0.70				
2	Marine Business except Marine Hull			0.60				

	Insurance							
(1)	(2)	(3)	(4)	(5)	(6) = Col(3) X Col(5)	(7)	(8)	(9)
3	Marine Hull Insurance Business			0.50				
4	Motor			0.75				
5	Aviation			1.00				
6	Miscellaneous			0.70				
7	Health Insurance			1.00				
	Total							

**Notes:**

Gross Premium and Net Premium for 1 (one) Year of immediate past year calculated from the Date of FORM - VA and FORM - VL will have to be considered.

**Table 2: Statement of Solvency Margin based on Claims Received**

*Amount in Crore Taka*

Sl. No	Type of Business	Gross Claim (GC)	Net Claim (NC)	Factor	Gross Claim Factor (GCF)	50% of Net Claim	25% of Gross Claim Factor	Required Solvency Margin - 2 (RSM 2) <i>Whichever is higher from Col 7 or Col 8)</i>
(1)	(2)	(3)	(4)	(5)	(6) = Column (3) X Column (5)	(7)	(8)	(9)
1	Fire			0.80				
2	Marine Business except Marine Hull Insurance			0.70				
3	Marine Hull Insurance Business			0.70				
4	Motor			0.85				
5	Aviation			1.00				
6	Miscellaneous			0.70				
7	Health Insurance			1.00				
	Total							

**Required Solvency Margin** = The higher amount between RSM-1 under Column 9 of Table-1 and RSM-2 under Column 9 of Table-2.

**(C) FORM - SOLVENCY MARGIN (SM)**

Name of the Non-Life Insurer \_\_\_\_\_

Registration Number \_\_\_\_\_ Date of Registration \_\_\_\_\_

Sl. No.	Description	Comments	Amount
(1)	(2)	(3)	(4)
1	Adjusted Assets		
2	Total Liabilities		
3	Other Liabilities of Shareholders		
4	Available Solvency Margin (ASM) = (1 - 2 - 3)		
8	Required Solvency Margin (RSM)		
9	Solvency Ratio 4 / 5 or (ASM) / (RSM)		

**Notes:**

1. The amount of adjusted assets will be determined as shown in FORM - VA;
2. The total amount of liabilities will be equal to total liability in FORM - VL;
3. Other liabilities will be as mentioned in the Balance Sheet and liabilities otherwise derived from the Shareholders' Fund (not included in FORM - VL);
4. Available Solvency Margin (ASM); and
5. Required Solvency Margin (RSM) as per FORM - RSM.

-----  
Signature of Auditor

-----  
Signature of Chief Executive Officer

By order of the Authority

**Dr. M Aslam Alam**

Chairman

Insurance Development and Regulatory Authority