



बीमा विनियामक और विकास प्राधिकरण
**INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY**

Ref: IRDA/F&I/INV/CIR/64/04/2013

02 April, 2013

CIRCULAR

The CEOs of all Insurers

**Sub: Regarding Investment limit of 10% for Reverse Repo transactions in
Government Securities**

IRDA had vide circular no. : IRDA/F&I/CIR/INV/250/12/2012 dated 4th December, 2012 permitted Repo / Reverse Repo in Corporate bonds along with the G-Secs. where in, an overall limit of 10% of all funds was given for Reverse Repo transactions for Life Insurers (10% limit for Repo/Reverse Repo in case of General Insurers). In this regard, we are in receipt of representations from some of the Insurers stating that limiting Reverse Repo transactions in Govt. Securities to 10% of the funds would restrict the ability to generate optimal policy holder returns and therefore Reverse Repo transactions may be treated at par with CBLO transactions. After careful examination of the representations, the authority is of the view that Insurers may be given flexibility to invest in Reverse repo transactions or CBLO at their discretion in view of the similar safety features.

In view of the above, It is hereby clarified that, Reverse Repo transactions in Government Securities are treated at par with CBLO transactions and 10% investment limits are not applicable to Reverse Repo transactions in Government Securities in line with CBLO transactions. Insurers are further advised to follow the pattern of Investments as prescribed by the Investment Regulations.


R K NAIR
MEMBER (F & I)