



Clarifications On Implementation Of Indian Accounting Standards (Ind AS)

IRDAI has through this circular has clarified manner of implementation of Ind AS adoption.

IRDAI has specified the manner of preparation of financial statements as per Ind AS framework under Schedule IIA of the IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024. IRDAI has prescribed dual reporting for a period of two years from implementation of this regulation, wherein reporting under both schedule II (IGAAP reporting) and schedule IIA (Ind AS reporting) shall be applicable.

Further, there is an option for Insurers to seek forbearance of up to 1 year by submitting an application for the same along with a board approved plan by April 30, 2026. During the period of such forbearance, the insurer will not need to prepare financial statements in accordance with Schedule IIA- Ind AS, however, monthly progress reports and quarterly proforma financial statements ("Financial Information") will be required to be submitted. These quarterly proforma financial statements will be subject to a limited review for all four quarters. Therefore, even in case of insurers opting for forbearance, there is a requirement to prepare and review the proforma financial statements as per Schedule IIA. For the submission of proforma financial statements (Financial Information) there is an extended time limit of three months from the end of respective quarter.



Key updates in implementation of Ind AS-

Area	Requirement
Date of implementation	From 1 April 2026
Applicable framework	Ind AS (including Ind AS 117 & 109) to be adopted by insurers
Financial statements format	To be prepared as per Schedule IIA (Ind AS format)
Regulatory reporting	Existing IRDAI “financial information” / returns to continue
Dual reporting	Both Ind AS financials and IRDAI reporting to be maintained
Transition period	Parallel reporting required for minimum 2 years- i.e.- till financial year ended as on 31 st March 2029.
Forbearance	Up to 1 year allowed subject to application with board-approved implementation plan and roadmap
Pro-forma requirement during forbearance	Ind AS financials to be prepared on pro-forma basis
Discount rate for liabilities	Based on market-linked Govt securities yield curve (CCIL)
Actuarial valuation	Specified under Schedule I of the regulations. However, the basis of actuarial reporting to remain the same.
Solvency computation	No change; to follow existing IRDAI norms
Fund segregation	Policyholder and shareholder fund segregation to continue
Investment accounting	To follow Ind AS 109 classification (FVPL/FVOCI/Amortised Cost)
Reporting timelines (initial phase)	Relaxation provided for initial quarters (up to ~3 months)
Listed entities	Must continue to comply with Securities and Exchange Board of India timelines
Independent validation	Implementation subject to independent validation (details to be prescribed)
Returns and disclosures	Existing IRDAI returns and formats continue unless modified
Reconciliation requirement	Alignment / reconciliation between Ind AS and regulatory numbers expected

Typically, Ind AS 117 Insurance Contract is a standard which wants deeper understanding of insurance accounting as well as actuarial concepts and greater involvement of actuarial expertise. Further there are many clarifications regarding the reporting by the auditors, involvement of actuarial expertise in the process of audit and its implication on the reporting, practical challenges in implementation, etc is expected in due course which will further make the path for transition and related reporting much smoother.

Kindly refer the following for the details – <https://irdai.gov.in/document-detail?documentId=9122615>