



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

CIRCULAR

REF: IRDA/F&I/INV/CIR/ 155 /08/2013

7 AUGUST, 2013

The CEOs of all insurers

SUB: Exposure limits on the Investments in Housing Finance and Infrastructure Finance Companies

The Authority is in receipt of representations from the Insurers to enhance the exposure limits in Housing Finance Companies. Further, it is also represented to consider the investments in Housing Finance Companies and Infra Finance Companies as the exposure to Housing sector and Infra. Sector, respectively. Presently, such exposure to Housing Finance Companies and Infra Finance Companies is treated as exposure under '*Financial and Insurance Activities*' of sec. K of NIC classification, 2008.

After careful examination of the representations and discussions with the Industry, it is decided to reconsider these exposure limits as below:

A) Investment in Housing Finance Companies

The Investments in the debt Instruments issued by Housing Finance Companies as specified in the Investment Regulations shall not be included under the exposure to '*Financial and Insurance Activities*' of sec. K of NIC classification, 2008 and shall be treated as exposure to Housing Sector. The industry exposure limits will continue to apply for such investments.

B) Investment in Infrastructure Finance Companies

The Investments in the equity and debt Instruments issued by Infra Finance Companies pertaining to the sub sectors specified in the Harmonized Master List of Infrastructure issued by the Department of Economic Affairs, Ministry of Finance as per the reg. 2(h) of IRDA(Registration of Indian Insurance Companies) Regulations, 2000 shall not be included under the exposure to '*Financial and Insurance Activities*' of sec. K of NIC classification, 2008 and shall be treated as exposure to Infrastructure Sector.

Page 1 of 2

C) Single Investee exposure limits in Housing Finance Companies

Single Investee debt exposure limits in Housing Finance Companies are enhanced to 20% of equity plus free reserves(excluding revaluation reserve) plus debentures/bonds taken together or amount under Reg. 9(B)(i) whichever is lower. The 20% limit mentioned above, can be further increased by an additional 5% with the prior approval of Board of Directors. The group and promoter group exposure norms will continue to apply on the investments made in a Housing Finance Company.

R K Nair

~~_____~~
R K NAIR
MEMBER (F & I)