



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

Ref: IRDA/F&I/CIR/INV/203/2011

Date: 30<sup>th</sup> Aug, 2011

The CEO of all Insurers

**Sub: Investment in Venture Funds - Clarification**

IRDA, vide circular INV/CIR/008/2008-09 Dt. 30<sup>th</sup> Jul, 2008 amended Circular INV/CIR/007/2003-04 Dt. 15<sup>th</sup> Dec, 2003 issued for Insurer's investment in Venture Funds. Para 8(2) of Annexure II of the said circular requires Venture Fund to invest in Infrastructure Projects as defined under IRDA (Registration of Indian Companies) Regulations, 2000 as amended from time to time.

Circular INV/CIR/007/2003-04 Dt. 15<sup>th</sup> Dec, 2003, required Insurers to invest in Venture Fund which would "as far as possible" invests in "Infrastructure Projects" as per IRDA (Registration of Indian Companies) Regulations, 2000. The omission of words "as far as possible" in Para 8(2) of the amended Guidelines, raised doubts among insurers, that the regulations permitted Insurers to invest 'only' in those Venture Funds which invest in 'Infrastructure Projects' as defined under IRDA (Registration of Indian Companies) Regulations, 2000.

The IRDA, after inviting comments and concerns of Insurers and after a careful consideration of all the submissions made, hereby clarify that:

1. Investment in Venture Funds would continue to be categorized under "Other Investments' as per IRDA (Investment) (4<sup>th</sup> Amendment) Regulations, 2008
2. Insurers may invest in any Venture Fund registered under SEBI Regulations which include Venture Funds investing in Micro, Small and Medium Enterprises also
3. No investment shall be made in a Venture Fund which is under the Promoter Group of the insurer
4. The Fund shall not be managed by an Investment Manager who is either directly or indirectly controlled or managed by the Insurer or its promoters
5. The Investment Policy of the Insurer shall lay down the policy to invest in Venture Funds or Asset Management Company, and the internal norms for such investments shall be decided by the Investment Committee (IC) of the Insurer
6. The Insurer shall comply with all the exposure norms, mentioned vide Point No. 8 of Annexure II of IRDA (Investment) (Fourth Amendment) Regulation, 2008 and as amended from time to time.

  
**R K NAIR**  
**MEMBER (F&I)**