12 October 2026

To

All Members

Dear all,

Subject: Issuance of Fast Track interim Guidance Note for Actuaries Supporting the Audit of Insurance Companies under Ind AS 117

The Council of the Institute of Actuaries of India (IAI), at its 113th Meeting held on 2nd September 2026, considered issuing guidance for Actuaries supporting the audit of Insurance Companies under Ind AS 117. Recognising the need to provide timely professional guidance to members during the phase of implementation of Ind AS 117, the Council approved the issuance of the document as a Fast Track Interim Guidance Note in accordance with Principles and Procedures for Issuance of Guidance Notes (GNs) and Actuarial Practice Standards (APSs) version 5.0. It seeks to promote consistency in professional practice, clarity in roles and responsibilities, appropriate documentation and adherence to applicable professional and regulatory requirements.

The Council recognises that the implementation of Ind AS 117 is an evolving process and that practical experience gained by members will be valuable in further refining the guidance. Accordingly, this Guidance Note is being issued on an interim basis to facilitate its timely application while providing an opportunity to incorporate practical insights and feedback.

Yours Sincerely,

K S Gopalakrishnan

President

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FAST TRACK INTERIM GUIDANCE NOTE (FTIGN) 31

ACTUARIES SUPPORTING THE AUDIT OF INSURANCE COMPANIES UNDER IND AS 117

Classification: Guidance Note — Recommended Practice

Legislation or Authority:

This Guidance Note is for observance by the Members under Section 19(2)(i) of the Actuaries Act, 2006. There is no direct legislation, as such, that has an impact on this Guidance Note. However, the following are examples of legislation that may apply from time to time whilst performing particular work, as it applies to the relevant piece of advice/assignment. These legislations (as amended from time to time) and any rules / regulations issued thereunder should be taken into consideration. This list is an indicative list and is not meant to be exhaustive. There may also be other legislations from time to time that will be applicable.

1. The Insurance Act, 1938 including the Insurance Laws (Amendment) Act, 2015 and the Insurance (Amendment) Act, 2021 and amendments thereto (hereinafter referred to as 'the Insurance Act');
2. The Insurance Regulatory and Development Authority Act, 1999;
3. The Insurance Rules, 1939 and amendments thereto (hereinafter referred to as 'the Rules');
4. The Companies Act, 2013 (including Section 132 [NFRA], Section 139–141 [auditors] and Section 143 [auditor's powers and duties]) (hereinafter referred to as 'the Companies Act, 2013');
5. The Chartered Accountants Act, 1949;
6. The Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024 and amendments thereto (hereinafter referred to as 'the IRDAI 2024 Regulations');
7. The Standards on Auditing (SA 200 to SA 720) issued by the Institute of Chartered Accountants of India, as in force from time to time;
8. The Companies (Indian Accounting Standards) Rules, including Indian Accounting Standard 117 *Insurance Contracts* (hereinafter referred to as 'Ind AS 117');
9. The Professional Conduct Standards (PCS) of the Institute of Actuaries of India and amendments thereto; and
10. Other Actuarial Practice Standards issued by the Institute of Actuaries of India, as in force from time to time and as cross-referenced in this IGN.

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Application: This Guidance Note is applicable to every Fellow member of the Institute of Actuaries of India who performs actuarial work in support of the audit of the financial statements of an insurance company prepared under Ind AS 117 as required by the Companies Act, 2013, the Insurance Act, and the IRDAI 2024 Regulations. It applies to such work whether performed for an insurer carrying on the business of life insurance, general insurance, health insurance or reinsurance, and whether the insurer is registered with the Insurance Regulatory and Development Authority of India in its own right or operates as a reinsurer branch so registered. It also applies to such work performed in respect of the subsidiaries of any such insurer for the purpose of consolidation into the financial statements of the insurer.

Status: Fast Track Interim Guidance Note issued in accordance with the *Principles and Procedures for issuance of Guidance Notes (GNs)* of the Institute of Actuaries of India.

Version: 1

Effective Date: 13 October 2026

Section 1 — General

1.1 Purpose

1.1.1 This Guidance Note (hereinafter referred to as 'FTI-GN') sets out the principles and recommended standards of actuarial practice which Members of the Institute of Actuaries of India are encouraged to apply when performing actuarial work in support of the audit of the financial statements of an insurance company prepared in accordance with Ind AS 117. A Member who decides to apply this IGN should highlight, in the report of the Auditing Actuary, any provisions of this IGN that he or she has not complied with, together with the reasons for such non-compliance.

1.1.2 The purpose of this IGN is to:

(i) ensure that the actuarial work product on which the auditor relies is prepared with appropriate competence, due care, professional scepticism and documentation, so that the auditor can place a reasonable degree of reliance on it in forming the auditor's opinion on the financial statements;

(ii) promote consistency and reliability across the actuarial profession in the manner in which actuaries support the audit of Ind AS 117 financial statements; and

(iii) advance the public interest by enhancing the quality and credibility of the audited financial statements of Indian insurance companies.

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1.1.3 This IGN recognises that the actuary acting in support of an audit serves a public-interest function. An insurance company is a public interest entity, and the actuary's work in support of its audit may be conducted to a standard commensurate with that public-interest character.

1.2 Scope

1.2.1 This IGN applies to actuarial work performed in support of the audit of:

(i) the financial statements of an insurance company prepared in accordance with Ind AS 117 (including its measurement, presentation and disclosure requirements);

(ii) the financial statements of an insurance company in respect of contracts issued by the insurance company that fall outside the scope of Ind AS 117 and within the scope of Indian Accounting Standard 109 *Financial Instruments* and / or Indian Accounting Standard 115 *Revenue from Contracts with Customers*, where actuarial expertise is necessary to evaluate such contracts; and

(iii) the consolidation of the financial statements of subsidiaries of an insurance company into the financial statements of the insurance company, where the consolidation involves Ind AS 117 measurement, presentation or disclosure.

1.2.2 The geographic scope of this IGN is the Indian operations of insurance companies, together with any overseas operations of such insurance companies which are consolidated into the financial statements prepared in accordance with Ind AS 117 in India. This IGN applies regardless of the location or domicile of the actuary performing the work.

1.2.3 This IGN does not apply to:

(i) actuarial work performed by an actuary appointed as the Appointed Actuary of an insurance company, in the discharge of the Appointed Actuary's statutory functions and duties under the Act and the IRDAI 2024 Regulations (such work being governed by other Actuarial Practice Standards of the Institute of Actuaries of India);

(ii) actuarial work performed in connection with Indian GAAP regulatory reporting under the IRDAI 2024 Regulations or the Insurance Act (whether for the purpose of preparation of regulatory returns by the insurer or for the purpose of an assurance opinion by an auditor on such regulatory returns), except to the extent that such work directly supports the audit of the financial statements prepared under Ind AS 117;

(iii) actuarial work performed in connection with Indian embedded value reporting, market-consistent embedded value reporting or other supplementary reporting that is not part of the financial statements prepared under Ind AS 117;

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(iv) actuarial work performed in respect of pricing, capital modelling, solvency, business planning or other internal management purposes of the insurance company; and

(v) Audit or independent actuarial certification of proforma financial statements produced under Ind AS 117

1.3 Applicability

1.3.1 This IGN is recommended to be applied by every fellow member of the Institute of Actuaries of India who performs actuarial work falling within the scope set out in paragraph 1.2. A fellow member who applies this IGN should do so in its entirety; where the fellow member has not complied with one or more provisions of this IGN, the fellow member should disclose the provisions not complied with, and the reasons for such non-compliance, in the report of the Auditing Actuary referred to in Section 4 of this IGN.

1.3.2 Where actuarial work falling within the scope of this IGN is performed by a team of actuaries, every fellow member of the Institute of Actuaries of India on the team is encouraged to apply this IGN in respect of the actuarial work that he or she performs personally. Where the fellow member who has overall responsibility for the engagement has elected to apply this IGN, he or she is encouraged to take reasonable steps to procure that the engagement as a whole is conducted in a manner consistent with this IGN.

1.3.3 This IGN is structured into the following sections:

(i) Section 1 (General), Section 2 (Definitions) and Section 3 (The Auditing Actuary) contain provisions that apply to the Auditing Actuary;

(ii) Section 3 refers to Section 4 (Audit of Ind AS 117 Transition), containing provisions that apply only when the audit relates to the period in which Ind AS 117 is first applied by the insurance company;

1.3.4 Where any provision of this IGN, if applied, would conflict with a provision of law, of the Professional Conduct Standards of the Institute of Actuaries of India, or of any other Actuarial Practice Standard of the Institute of Actuaries of India, the Auditing Actuary should comply with the law, the Professional Conduct Standards or the other Actuarial Practice Standard, and should disclose the nature of the conflict, the affected provision of this IGN that has not been applied, and the effect of the non-application, in any report issued by the Auditing Actuary.

1.3.5 This IGN may be applied in respect of actuarial work performed in connection with the quarterly limited review of financial statements of the insurance company under the Standards on Review Engagements issued by the Institute of Chartered Accountants of India. Provisions

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relating to clause 3.5 till 3.22 may be applied in a manner that is consistent with scope of such limited review. Other clauses will have to be complied with in totality in the spirit of a full audit

1.4 Authority

1.4.1 This IGN is issued by the Institute of Actuaries of India under Section 19(2)(i) of the Actuaries Act, 2006.

1.4.2 The substantive provisions of this IGN draw on, and are anchored in, the Indian statutory and regulatory framework for the audit of insurance companies, including in particular:
(i) the Insurance Act and the IRDAI Act, 1999; (ii) the Companies Act, 2013; (iii) the IRDAI 2024 Regulations and Schedule IIA thereto, which sets out the framework for application of Ind AS 117 by Indian insurance companies; (iv) Ind AS 117 *Insurance Contracts* as notified under the Companies (Indian Accounting Standards) Rules; (v) the Standards on Auditing (SA 200 to SA 720) issued by the Institute of Chartered Accountants of India; and (vi) the Professional Conduct Standards and other Actuarial Practice Standards of the Institute of Actuaries of India.

1.4.3 This IGN does not modify, override or interpret any provision of law, of the Standards on Auditing, or of Ind AS 117. Where any provision of this IGN appears to conflict with a provision of law, of the Standards on Auditing, or of Ind AS 117, the latter prevails to the extent of the conflict.

1.5 Subsequent regulatory change — generic provision

1.5.1 The Auditing Actuary may, at all times during the engagement, consider any circular, directive or guidance issued by the IRDAI or by the Joint Expert Group of the Institute of Actuaries of India and the Institute of Chartered Accountants of India on the application of Ind AS 117 in India, that becomes effective during or after the period covered by the financial statements. Where such issuance modifies the application of this IGN or the relevant Ind AS 117 requirements, the Auditing Actuary's procedures may be adapted accordingly. This generic provision applies throughout this IGN; specific sections do not separately repeat this requirement. Where the regulator's issuance modifies the application of this IGN in a way that requires interpretation, the Auditing Actuary may document the modification in the audit file, communicate the modification to the auditor, and obtain the auditor's concurrence on the consequent procedures.

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1.6 Effective Date

1.6.1 This IGN is effective for actuarial work performed in support of the audit of the financial statements of an insurance company for financial reporting periods beginning on or after 1st April 2026.

1.7 Language conventions

1.7.1 In this IGN, the following words have the meanings set out below:

(i) **"may"** means that the indicated action is the recommended action under this IGN. The Auditing Actuary who has elected to apply this IGN is encouraged to follow the indicated action. The Auditing Actuary may depart from any such indicated action if, in the Auditing Actuary's professional judgement, following the indicated action would be inappropriate in the circumstances of the engagement, or would potentially mislead the intended user of the actuarial work; in any such case, the Auditing Actuary should disclose the departure and the reasons for it in any report to which it is relevant.

(ii) **"should"** means that the indicated action is, under normal circumstances, the action that an Auditing Actuary who has elected to apply this IGN is expected to take. The Auditing Actuary may depart from such indicated action on the same basis as set out in paragraph (i) above, and may disclose the departure and the reasons for it in any report to which it is relevant.

1.7.2 Considering the recommendary character of this IGN, the words "must" and "shall" are not used in this IGN to impose any mandatory obligation on the Auditing Actuary.

1.7.3 References in this IGN to the masculine gender include the feminine and the neutral and vice versa. References to the singular include the plural and vice versa, where the context so admits.

1.8 Cross-references

1.8.1 Where this IGN refers to another standard, regulation, statute, or other document, the reference relates to the document as effective on the adoption date of this IGN, except where the reference expressly states that it is to a specified earlier or later version. If the referenced document is amended, restated, repealed or replaced after the adoption date of this IGN, the Auditing Actuary may consider the extent to which the guidance in this IGN continues to be applicable and appropriate in the context of the amended, restated, repealed or replaced document.

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1.8.2 References in this IGN to "the auditor" are to the auditor of the financial statements of the insurance company appointed under the Companies Act, 2013, including any joint auditor so appointed where the audit is conducted jointly.

1.8.3 References in this IGN to numbered paragraphs (for example "paragraph 2.5.3" or "Section 4.4") are to paragraphs of this IGN, except where another standard or document is expressly indicated.

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Section 2 — Definitions

2.1 General

2.1.1 In this IGN, the words and expressions defined in this Section 2 have the meanings set out in this Section 2 unless the context otherwise requires. Words and expressions not defined in this Section 2 but defined in any of the documents listed in paragraph 1.4.2 have the meanings set out in those documents.

2.1.2 Where the same word or expression is defined in more than one of the documents listed in paragraph 1.4.2, the definition in the document most directly applicable to the matter under consideration applies, and the Auditing Actuary may use professional judgement to identify the most directly applicable document.

2.1.3 **Definitional convention.** Where this IGN uses a defined term that is also defined in Ind AS 117, in the Standards on Auditing, in the IRDAI 2024 Regulations, in the Insurance Act or in the Companies Act, 2013, this IGN does not re-state the definition. The defined term takes the meaning given to it in the relevant source standard, in full, including any explanatory paragraphs, application material and supplementary guidance forming part of that source. The Auditing Actuary may refer to the source standard for the operative text of the definition.

2.2 Defined terms

2.2.1 Terms unique to this IGN

For the purposes of this IGN:

"actuarial work" means work performed by the Auditing Actuary that involves the application of actuarial principles, methodologies and techniques, the exercise of professional judgement, and the formation of conclusions or opinions on matters within actuarial expertise.

"Annual Report" means the annual report of the insurance company prepared under the Companies Act, 2013 and presented to the shareholders, including the financial statements, the directors' report, the auditor's report and other reports and information required by law to accompany the financial statements.

"Audit Firm" has the meaning given to "audit firm" in Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and includes the firm of chartered accountants of which the auditor is a partner, member or proprietor as registered with the Institute of Chartered Accountants of India.

"Auditing Actuary" means an actuary who, in accordance with SA 620 *Using the Work of an Auditor's Expert*, performs actuarial work in support of the audit of the financial statements of

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an insurance company prepared in accordance with Ind AS 117. The Auditing Actuary will be external to the insurance company or the companies in the same group, and will be a person who is not a member of the Audit Firm — though may be a member of the same network firm. For the purposes of this IGN, references to the Auditing Actuary include the actuarial firm through which the Auditing Actuary performs the actuarial work.

"Person Responsible for Ind AS 117 Measurement" means the individual within the insurance company who has overall responsibility for the preparation of the Ind AS 117 measurements that are reflected in the financial statements. This individual may be the Appointed Actuary (in which case references to the Person Responsible for Ind AS 117 Measurement extend to the Appointed Actuary in that capacity). References in this IGN to the "Appointed Actuary" are confined to statutory references arising under the IRDAI 2024 Regulations or the Insurance Act (in particular paragraphs 3.2.2, 3.2.4 and 3.3.5). Specific reference is brought to point number 2 of IRDAI circular Ref: IRDAI/IFRS/CIR/MISC/94/7/2026 dated 14 July 2026, in this regard.

"engagement letter" means the letter, contract or other written agreement that records the terms and conditions of the engagement of the Auditing Actuary for the actuarial work, including the scope of work, responsibilities of the parties, reporting arrangements and other relevant terms, and that is executed by such parties as may be required under this Guidance Note.

"Ind AS 117" means Indian Accounting Standard 117 *Insurance Contracts* as notified under the Companies (Indian Accounting Standards) Rules, in force from time to time.

"IRDAI 2024 Regulations" means the Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, as amended, modified, re-enacted or replaced from time to time, and includes Schedule IIA thereto which sets out the framework for application of Ind AS 117 by Indian insurance companies.

"financial statements" means the financial statements of the insurance company prepared under the Companies Act, 2013 and notified accounting standards (including Ind AS 117), and includes the balance sheet, the statement of profit and loss, the statement of changes in equity, the statement of cash flows, the notes to the financial statements, and the Schedules to the financial statements (including the Schedules required by Schedule III of the Companies Act, 2013 and by the IRDAI 2024 Regulations).

“Standards on Auditing” or “SAs” means the Standards on Auditing issued by the Institute of Chartered Accountants of India under the Chartered Accountants Act, 1949, as amended,

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modified, re-issued, re-enacted or replaced from time to time, including any guidance, application material or explanatory material forming part thereof.

For the purposes of this IGN, **"audit"** means the audit of those financial statements conducted by the auditor in accordance with the Companies Act, 2013, the Insurance Act and the Standards on Auditing.

2.2.2 Terms defined in Ind AS 117

The following terms take the meanings given to them in Ind AS 117 (including any explanatory paragraphs, application material and supplementary guidance forming part of Ind AS 117). The Auditing Actuary may refer to Ind AS 117 for the operative text of each definition. The paragraph reference is provided as an aid to the reader and does not constitute or replace the source-standard definition.

Term	Source paragraph in Ind AS 117
"contract boundary"	Paragraphs 33–35; B61–B71
"Contractual Service Margin" or "CSM"	Appendix A
"coverage units"	Paragraph B119 (read with B119A–B119B)
"Fair Value Approach" or "FVA"	Paragraphs C20 to C24B
"Fulfilment Cash Flows" or "FCF"	Appendix A
"Full Retrospective Approach" or "FRA"	Paragraphs C3 to C5
"General Measurement Model" or "GMM"	Paragraphs 32 to 52
"group of insurance contracts"	Paragraphs 14 to 24
"insurance contract"	Appendix A
"Insurance Finance Income or Expense" or "IFIE"	Paragraphs 87 to 92B
"Insurance Revenue"	Paragraphs 83 to 85; B120 to B127
"Liability for Incurred Claims" or "LIC"	Appendix A
"Liability for Remaining Coverage" or "LRC"	Appendix A
"Modified Retrospective Approach" or "MRA"	Paragraphs C6 to C19A
"onerous group of insurance contracts" or "onerous contract"	Paragraphs 47 to 52
"portfolio of insurance contracts"	Appendix A

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"Premium Allocation Approach" or "PAA"	Paragraphs 53 to 59
"reinsurance contract held"	Appendix A
"Risk Adjustment for non-financial risk", "Risk Adjustment" or "RA"	Appendix A
"transition date"	Appendix A
"Variable Fee Approach" or "VFA"	Paragraphs B101 to B118

2.2.3 Terms defined in the Standards on Auditing

The following terms take the meanings given to them in the Standards on Auditing issued by the Institute of Chartered Accountants of India, as in force from time to time. The Auditing Actuary may refer to the indicated SA for the operative text of each definition.

Term	Source SA
"audit documentation"	SA 230
"auditor's expert"	SA 620
"auditor's report"	SA 700; modifications under SA 705 and SA 706
"Engagement Quality Reviewer" or "EQCR"	SA 220
"management's expert"	SA 500
"materiality"	SA 320
"performance materiality"	SA 320
"significant accounting policy"	Indian Accounting Standard 1 and Indian Accounting Standard 8
"significant risk"	SA 315
"Standards on Auditing" or "SAs"	The SAs (SA 200 to SA 720) issued by the Institute of Chartered Accountants of India, as in force from time to time
"working papers"	SA 230

Materiality for the purpose of the actuarial work performed by the Auditing Actuary is determined by the auditor in accordance with SA 320 and communicated by the auditor to the Auditing Actuary.

2.2.4 Terms defined in the IRDAI 2024 Regulations, the Insurance Act or the Companies Act, 2013

The following terms take the meanings given to them in the indicated source standard. The Auditing Actuary may refer to the source standard for the operative text of each definition.

Term	Source standard
"Appointed Actuary" or "AA"	IRDAI 2024 Regulations (eligibility, appointment, statutory functions and duties)
"audit committee"	Companies Act, 2013 (audit committee of the board of directors of the insurance company)
"auditor"	Companies Act, 2013 (auditor of the financial statements of the insurance company appointed under the Companies Act, 2013, including any joint auditor so appointed)
"Independent Validation"	IRDAI 2024 Regulations Schedule IIA (the validation required to be carried out in the first year of implementation of Indian Accounting Standards)
"insurance company" or "insurer"	Insurance Act, 1938 read with the IRDAI 2024 Regulations (an undertaking registered with the IRDAI to carry on the business of life insurance, general insurance, health insurance or reinsurance, and includes a reinsurer branch so registered; references to the insurance company in respect of consolidated financial statements include its subsidiaries to the extent that their results are consolidated into the insurance company's financial statements)
"IRDAI"	Insurance Regulatory and Development Authority Act, 1999 (the Insurance Regulatory and Development Authority of India)

"NFRA"	Companies Act, 2013 Section 132 (the National Financial Reporting Authority)

2.3 Interpretation

2.3.1 Where a defined term in this IGN cross-references a definition in another standard (whether Ind AS 117, the Standards on Auditing or otherwise), the definition in the cross-referenced standard applies in full, including any explanatory paragraphs and application material associated with that definition in the cross-referenced standard.

2.3.2 Where the cross-referenced standard is amended after the adoption date of this IGN, paragraph 1.7.1 applies — the Auditing Actuary may consider the extent to which the amended definition continues to be applicable and appropriate for the purposes of this IGN.

2.3.3 The defined terms set out in this Section 2 are not exhaustive. Other terms used in this IGN that have specialised meanings within the actuarial profession or within the audit profession bear those specialised meanings unless the context requires otherwise.

Section 3 — The Auditing Actuary

Section 3 sets out the provisions that are binding on the Auditing Actuary in the performance of actuarial work within the scope of this IGN. The provisions in Section 3 apply to actuarial work performed in each financial reporting period. Section 4 sets out additional provisions that apply only in respect of the audit of the financial reporting period in which Ind AS 117 is first applied by the insurance company.

3.0 **General obligation for actuarial procedures.** The Auditing Actuary may, in respect of every material Ind AS 117 measurement component, every material item of data, every material assumption, every material methodology, every material model and every disclosure within the scope of the actuarial work, perform procedures sufficient to obtain reasonable assurance that the measurement, item, assumption, methodology, model or disclosure has been determined in accordance with Ind AS 117 and that the related disclosures present fairly the matters required by Ind AS 117. The specific procedures applicable to each component, item, assumption, methodology, model and disclosure are set out in the relevant subsection of this Section 3 and in Section 4 (where applicable). The general obligation under this paragraph 3.0 is supplemented by the per-subsection cross-references to this paragraph 3.0 set out in the opening sub-paragraph of each subsection of this Section 3.

3.1 Acceptance of engagement

3.1.1 Before accepting an engagement to perform actuarial work in the scope of this IGN, the Auditing Actuary may satisfy himself or herself on each of the matters set out in paragraphs 3.1.2 to 3.1.7.

3.1.2 **Nature and scope of the engagement.** The Auditing Actuary may establish a clear and written understanding with each of the insurance company, the auditor, in the form of a written engagement letter executed by the insurance company and co-signed by the auditor (or all joint auditors where the audit is jointly conducted) and by the Auditing Actuary or the actuarial firm. The engagement letter may specify the respective roles and responsibilities of each party. The Auditing Actuary and, where applicable, the audit firm on all of the following:

(i) the nature and scope of the actuarial work to be performed; (ii) the respective roles and responsibilities of the insurance company, the auditor and the Auditing Actuary; (iii) any limitations, constraints or restrictions applicable to the actuarial work; (iv) the timeline within which the actuarial work is to be performed, consistent with the auditor's audit timeline; (v) the deliverables of the actuarial work, including any report or communication to be issued by the Auditing Actuary; (vi) the manner in which communications between the Auditing Actuary and

the auditor, and between the Auditing Actuary and the insurance company, are to take place; and (vii) the confidentiality obligations applicable to the actuarial work, including the handling of sensitive information of the insurance company and of the auditor.

3.1.3 The written understanding referred to in paragraph 3.1.2 may be reflected in an engagement letter or similar written agreement, executed before the actuarial work commences. The engagement letter should capture the essential elements set out in Appendix A.

3.1.4 **Self-assessment of fitness to accept the engagement.** Before accepting the engagement, the Auditing Actuary may perform and document a self-assessment of his or her fitness to accept and perform the engagement. The self-assessment may address each of the following matters:

(i) **Integrity** — whether the Auditing Actuary is able to devote sufficient time and resources to the engagement, and whether the engagement raises any question of ethical or moral concern for the Auditing Actuary;

(ii) **Competence and capability** — whether the Auditing Actuary has the knowledge, experience, qualifications and practice specialty required for the engagement as set out in paragraph 3.3, and whether the Auditing Actuary has access to other suitable qualified and experienced persons where necessary;

(iii) **Compliance** — whether the acceptance or performance of the engagement would be consistent with all applicable legal, regulatory and professional requirements, including this IGN, the Professional Conduct Standards, other Actuarial Practice Standards, the Standards on Auditing and the IRDAI 2024 Regulations;

(iv) **Independence and impartiality** — whether the Auditing Actuary satisfies the independence and no conflict-of-interest requirements set out in paragraph 3.2, and whether the structure of the engagement and the arrangements for remuneration of the Auditing Actuary are such that the Auditing Actuary's professional judgement cannot be compromised; and

(v) **Communication** — whether the Auditing Actuary is able to communicate the results of the engagement clearly and effectively to the intended users of the actuarial work, including, where necessary, to the insurance company's board of directors, its audit committee, the IRDAI and any court or tribunal before which the actuarial work may be presented.

3.1.5 The self-assessment referred to in paragraph 3.1.4 may be recorded in writing and retained as part of the Auditing Actuary's working papers. If any element of the self-assessment reveals a material factor that may impair the Auditing Actuary's ability to perform the engagement in accordance with this IGN, the Auditing Actuary may address the factor before accepting the engagement — whether by declining the engagement, by modifying the scope of the

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engagement, by strengthening safeguards, by obtaining the involvement of another suitably qualified actuary, or by such other means as the circumstances require.

3.1.6 **Access to information and personnel.** Before accepting the engagement, the Auditing Actuary may obtain reasonable assurance that he or she will have access to all such data, documents, systems, models, personnel and records of the insurance company and of the Appointed Actuary/Company's Personnel as are necessary for the performance of the actuarial work in accordance with this IGN. The Auditing Actuary may also obtain reasonable assurance of access to such persons within the audit firm as may be necessary, including the engagement partner and any other auditor's expert engaged by the auditor in connection with the audit.

3.1.7 **Subsequent information.** If, after accepting the engagement, the Auditing Actuary becomes aware of any information that, had it been known to the Auditing Actuary before acceptance, would have caused the Auditing Actuary to decline the engagement, to modify its scope, or to strengthen safeguards, the Auditing Actuary may promptly communicate the information to the auditor and consider what action is appropriate under paragraph 3.23 (disagreement escalation).

3.2 Independence and conflicts

3.2.0 **Independence framework — architectural overview.** The Auditing Actuary, the Audit Firm and the actuarial firm through which the Auditing Actuary performs the engagement (together with their partners, directors, employees and the immediate family members of the Auditing Actuary and such other persons specified in this paragraph 3.2) may be independent of the insurance company in respect of the actuarial work performed in support of the audit. For the purposes of this IGN, "independent" comprises both:

(i) **independence of mind** — the state of mind that permits the expression of a conclusion without being affected by influences that compromise professional judgement, thereby allowing the Auditing Actuary to act with integrity, and to exercise objectivity and professional scepticism; and

(ii) **independence in appearance** — the avoidance of facts and circumstances that are so significant that a reasonable and informed third party would be likely to conclude that the Auditing Actuary's, the Audit Firm's, or the actuarial firm's integrity, objectivity or professional scepticism has been compromised.

The Auditing Actuary may apply a conceptual-framework approach to identify, evaluate and address threats to independence. The Auditing Actuary may:

(a) identify threats to independence across the categories of self-interest, self-review, advocacy, familiarity and intimidation;

(b) evaluate the level of each threat identified by reference to the facts and circumstances; and

(c) address each threat that is not at an acceptable level by eliminating the circumstances creating the threat, by applying safeguards capable of reducing the threat to an acceptable level, or by declining or ending the engagement.

3.2.1 **Public interest entity character.** The insurance company with respect to which the actuarial work is performed is a Public Interest Entity. Accordingly, the independence and no conflict-of-interest requirements applicable to the Auditing Actuary under this paragraph 3.2 are those appropriate to a Public Interest Entity engagement.

3.2.2 **Prohibition on the former employee acting as Auditing Actuary.** An actuary who is, or at any time in the preceding one year has been, an employee of the insurance company or any of its group companies (including but not limited to having served as the Appointed Actuary) may not act as the Auditing Actuary in respect of the audit of the financial statements of that insurance company.

3.2.3 **Prohibition on the Auditing Actuary being engaged in other capacities by the insurance company.** An actuary acting as the Auditing Actuary in respect of the audit of the financial statements of an insurance company should not, at the same time, act as the Appointed Actuary, as a consultant, as an advisor, or in any other capacity whatsoever in respect of that insurance company. The prohibition extends to engagement in any capacity (whether by employment, secondment, consultancy, advisory engagement, board or committee membership, or other engagement) and is not limited to engagement with that insurance company.

3.2.4 **Cooling-off period.** An actuary who has at any time in the preceding one year acted as the Appointed Actuary, as a consultant, as an advisor, as a model vendor, or in any other capacity with the insurance company, may not act as the Auditing Actuary in respect of the audit of the financial statements of that insurance company until the expiry of the cooling-off period of one year from the date of cessation of the earlier capacity. Where the actuarial firm through which the Auditing Actuary performs the engagement has, at any time in the preceding one year, acted in any of the capacities described above in respect of the actuarial function of the insurance company, the Auditing Actuary may evaluate the threats to independence arising from the firm's prior involvement, may consult the auditor in case of doubt, and may not accept the engagement unless any such threat is reduced to an acceptable level by the application of safeguards.

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3.2.5 **Rotation of the Auditing Actuary.** The same actuary, and the actuarial firm through which the Auditing Actuary performs the engagement, should not act as the Auditing Actuary in respect of the audit of the financial statements of the same insurance company for more than four consecutive financial reporting years. After the fourth consecutive financial reporting period, the actuary and the firm may each observe a cooling-off period of at least three consecutive financial reporting periods before being re-eligible. An actuary or actuarial firm may not, at any time, act as the Auditing Actuary for more than three insurance or reinsurance companies concurrently. For the purposes of this paragraph, an actuary or firm is the Auditing Actuary for an insurance company where the actuary or firm has executed an engagement letter with the insurance company under paragraph 3.1.2 to perform the actuarial work in support of the audit of that insurance company; engagements as a reviewer, advisor or peer reviewer are not counted toward this limit. Where an actuary or actuarial firm holds more than three - Auditing-Actuary engagements at the effective date of this IGN, that actuary or firm has a transitional period of twenty-four months from the effective date to bring concurrent engagements within the limit. The concurrent-engagement limit is as guided by the IRDAI and as the Institute may specify from time to time.

3.2.6 **Financial interests.** The Auditing Actuary, the Auditing Actuary's spouse or spouse equivalent, the Auditing Actuary's dependent children, the actuarial firm through which the Auditing Actuary performs the engagement or any of its network firms (within the meaning given in the ICAI Code of Ethics) of either firm, and the partners, directors and employees in the actuarial firm with influence over the engagement, should not:

(i) hold any direct financial interest in the insurance company or in any of its group companies; or

(ii) hold any material indirect financial interest in the insurance company or in any of its group companies; or

(iii) act as a trustee of any trust that holds a direct or material indirect financial interest in the insurance company or in any of its group companies.

The Auditing Actuary may disclose in writing, before accepting the engagement and at each subsequent annual confirmation under paragraph 3.2.10, all financial interests in any entity within the insurance company's group structure held by any person specified in this paragraph 3.2.6.

3.2.6A **Loans and guarantees.** The persons specified in paragraph 3.2.6 may not accept a loan from, or have a borrowing guaranteed by, the insurance company or any of its group companies, unless:

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(i) the loan and guarantees are under normal commercial terms; or

(ii) the loan or guarantee is immaterial to both the insurance company and to the person receiving the loan or guarantee.

Deposits and brokerage accounts maintained by the persons specified in paragraph 3.2.6 may be on normal commercial terms.

3.2.6B **Business relationships.** No material business relationship should exist between any person specified in paragraph 3.2.6 and the insurance company or any of its group companies during the engagement period or for a defined period preceding it. A purchase, on arm's-length terms, of goods or services routinely sold by the insurance company to the public (such as the purchase of an insurance policy by the Auditing Actuary in the Auditing Actuary's personal capacity, on the same terms as available to any other consumer) is not a material business relationship for the purposes of this paragraph 3.2.6B.

3.2.7 **Family and personal relationships.** The Auditing Actuary may disclose in writing, before accepting the engagement and at each subsequent annual confirmation under paragraph 3.2.10, any family or personal relationship that the Auditing Actuary, or any other person specified in paragraph 3.2.6, has with any director, senior manager, key managerial personnel of the insurance company. Where any immediate family member of the Auditing Actuary or of any partner of the actuarial firm with influence over the engagement holds a position at the insurance company that has significant influence over the financial reporting process or over the actuarial reporting process, the engagement should not be accepted unless the relevant person is removed from any role with influence over the engagement and any residual threat is reduced to an acceptable level by the application of safeguards.

3.2.7A **Temporary personnel assignments.** The Auditing Actuary, the actuarial firm and network firms of either should not lend personnel to the insurance company on a temporary assignment basis during the engagement period of the services to be provided.

3.2.8 **Fees and fee dependence.** The Auditing Actuary's fees for the engagement should not be contingent on the outcome of the actuarial work or on the opinion issued by the auditor. Where the total fees received by the actuarial firm from the insurance company in any financial reporting period represent a proportion of the total fees of the actuarial firm sufficient to create a self-interest or intimidation threat to independence, the Auditing Actuary may apply enhanced safeguards (including but not limited to obtaining an independent quality review of the engagement work by a reviewer who is not a member of the actuarial firm or, where such a reviewer is not available, by another firm), and may disclose the fee-dependence position to those charged with governance of the insurance company. The Auditing Actuary may, at each

annual confirmation under paragraph 3.2.10, certify the proportion of total fees represented by fees received from the insurance company.

3.2.9 **Non-assurance services and self-review threat.** The Audit Firm, the actuarial firm, and network firms of either may not have provided to the insurance company or its group companies in the preceding 2 years from the beginning of the audit period, and may not provide during the engagement period, any non-assurance service that creates a self-review threat in relation to the audit of the financial statements on which the auditor will express an opinion. For this purpose, self-review threats are presumed to arise (and the engagement may accordingly be declined or the prior service unwound) where:

(i) services have been performed for the insurance company in respect of the financial statements that are the subject of the audit, or in respect of comparative or prior-period financial statements where the prior measurement is relevant to the current-period actuarial work;

(ii) actuarial methodology, model-build, model-validation or assumption-setting services have been performed for the insurance company in respect of the Ind AS 117 implementation, the Risk Adjustment, the discount-rate methodology, or the contractual service margin model;

(iii) IFRS 17 / Ind AS 117 implementation consulting services have been performed for the insurance company that bear materially on the measurement of insurance contract liabilities or reinsurance contract assets and liabilities; or

(iv) any other non-assurance service that has been performed that affects the accounting records or the amounts recorded in the financial statements on which the auditor will express an opinion.

The Auditing Actuary may disclose in writing, before accepting the engagement and at each subsequent annual confirmation under paragraph 3.2.10, all non-assurance services performed by the Audit Firm, the actuarial firm, or any network firm of either, for the insurance company during the engagement period and during the preceding two financial years.

3.2.9A **Provision of advice and recommendations.** The provision by the Auditing Actuary or the actuarial firm of advice and recommendations to the insurance company in relation to information or matters arising in the course of the audit does not, of itself, constitute the provision of a non-assurance service of the kind prohibited under paragraph 3.2.9, provided that the Auditing Actuary and the actuarial firm do not assume any management responsibility in connection with such advice or recommendations and it is made clear to the insurance company that the insurer's management remains responsible for all decisions taken in connection with such advice and recommendations..

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3.2.9B **Network firms.** Where the actuarial firm through which the Auditing Actuary performs the engagement, is part of a network of firms, the independence requirements of this paragraph 3.2 extend to each network firm to the same extent as they apply to the actuarial firm. The Auditing Actuary may, before accepting the engagement, identify all network firms within the network and confirm that no network firm holds a financial interest, has a business or family relationship, has provided a prohibited non-assurance service, or otherwise creates a threat to independence that cannot be reduced to an acceptable level by the application of safeguards.

3.2.10 **Annual independence confirmation and engagement-acceptance assessment.** The Auditing Actuary may perform and document, before accepting the engagement, a conceptual framework assessment that:

(i) identifies all threats to independence across the five categories specified in paragraph 3.2.0 (self-interest, self-review, advocacy, familiarity, intimidation);

(ii) evaluates the level of each threat by reference to the facts and circumstances; and

(iii) records the safeguards applied or the basis for concluding that the threat is at an acceptable level.

The Auditing Actuary may confirm in writing, annually and at the conclusion of the engagement, that he or she has complied with the independence and no conflict-of-interest requirements of this paragraph 3.2 throughout the engagement. The annual confirmation may be made using the template set out in Appendix I to this IGN, may be addressed to the auditor, may be communicated to those charged with governance of the insurance company in respect of any significant threat identified together with the safeguards applied, and may be retained as part of the working papers.

3.2.11 **Ongoing identification and disclosure.** The Auditing Actuary may remain alert throughout the engagement to circumstances that may give rise to a threat to independence and may promptly disclose to the auditor any such circumstance that arises. Where new information becomes available that affects the level of a threat or that affects the conclusions about whether safeguards continue to be appropriate, the Auditing Actuary may perform a fresh conceptual-framework assessment, may document the assessment, may apply safeguards to reduce any threat to an acceptable level or, if no such safeguards are available, may withdraw from the engagement under paragraph 3.23.9.

3.3 Competence and capability requirements

3.3.1 **Fellowship requirement.** The Auditing Actuary must be a Fellow of the Institute of Actuaries of India.

3.3.2 **Certificate of Practice.** The Auditing Actuary must hold a Certificate of Practice issued by the Institute of Actuaries of India that is in force for the practice area relevant to the engagement.

3.3.3 **Practical experience.** The Auditing Actuary should have such practical experience in actuarial valuation of insurance liabilities as is adequate for the engagement and should be technically proficient with the relevant or applicable actuarial methodologies and the associated Guidance Note or Actuarial Practice Standard as the case may be. The Auditing Actuary may consider the nature, complexity and size of the insurance company's business and the significance of the significant risks identified in the audit in evaluating the adequacy of his or her practical experience.

3.3.4 **Practice specialty.** The Auditing Actuary may have practice specialty appropriate to the class of insurance business of the insurance company. In particular:

(i) the Auditing Actuary for the audit of an insurance company carrying on the business of life insurance may have practice specialty in life insurance;

(ii) the Auditing Actuary for the audit of an insurance company carrying on the business of general insurance or health insurance may have practice specialty in the corresponding class of business; and

(iii) the Auditing Actuary for the audit of a reinsurer may have practice specialty appropriate to the classes of business reinsured by the reinsurer.

3.3.5 **Appointed Actuary eligibility.** The Auditing Actuary may meet the eligibility requirements to be appointed as an Appointed Actuary in the case of insurer or as a Certifying Actuary in the case of a branch of a reinsurer, as prescribed by the IRDAI from time to time in the same specialty area as determined in 3.3.4, other than the requirement to be an employee of the insurer on a full-time basis. In the case of a reinsurer or a branch of a reinsurer, the specialty area may be determined by the majority business written by the reinsurer or branch of the reinsurer.

3.3.6 **Continuing professional development.** The Auditing Actuary may maintain continuing professional development appropriate to the performance of actuarial work within the scope of this IGN, including in respect of Ind AS 117, the relevant Standards on Auditing, the IRDAI 2024 Regulations, and this IGN.

3.3.7 **Engagement team composition.** Where the engagement is performed by a team of actuaries led by the Auditing Actuary, the Auditing Actuary should ensure that the team as a whole has the competence, capability and practice specialty necessary for the engagement. The

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Auditing Actuary retains overall responsibility for the performance of the engagement in accordance with this IGN.

3.3.8 **Documentation of competence.** The Auditing Actuary may retain documentation evidencing the competence and capability of the Auditing Actuary and, where applicable, the engagement team. The documentation should include, at a minimum, the curriculum vitae of the Auditing Actuary, the Certificate of Practice, evidence of continuing professional development, evidence of satisfying the relevant requirements under paragraphs 3.3.1 to 3.3.5, and a summary of the practice specialty and prior similar engagements of the Auditing Actuary.

3.4 Engagement scope determination

3.4.1 **Initial scope.** The Auditing Actuary may determine and document the initial scope of the engagement before the actuarial work commences. The initial scope may be consistent with the engagement letter referred to in paragraph 3.1.3 and may, at a minimum, specify each of the following:

(i) the groups of insurance contracts, portfolios of insurance contracts, and reinsurance contracts held that are within the scope of the actuarial work;

(ii) the significant risks, as communicated by the auditor, that are to be addressed by the actuarial work;

(iii) the Ind AS 117 measurement components (including the Contractual Service Margin, the Risk Adjustment, the Fulfilment Cash Flows, the Liability for Remaining Coverage, the Liability for Incurred Claims, Insurance Revenue, and Insurance Finance Income or Expense) in respect of which actuarial work is to be performed;

(iv) where the engagement relates to the audit of the financial reporting period in which Ind AS 117 is first applied, the transition-related matters within the scope of Section 4 that are to be addressed;

(v) the disclosure requirements under Ind AS 117 that are within the scope of the actuarial work;

(vi) the time budget allocated to the engagement;

(vii) the matters that are expressly outside the scope of the actuarial work, including the matters excluded by paragraph 1.2.3; and

(viii) the coordination arrangements with other auditors' experts engaged by the auditor in connection with the audit, including any specialist engaged in respect of information technology or investments.

3.4.2 **Variance in scope.** If during the course of the engagement the scope of the actuarial work is varied, whether by addition, removal, expansion or restriction of the matters within scope, the Auditing Actuary may document the variance, the reasons for the variance, and the party or parties at whose request the variance is affected. The variance may be communicated to the auditor and to the insurance company.

3.4.3 **Scope limitation.** If the Auditing Actuary encounters a limitation in scope that, in the Auditing Actuary's professional judgement, may affect the Auditing Actuary's ability to perform the actuarial work in accordance with this IGN, the Auditing Actuary may promptly communicate the limitation to the auditor and consider what action is appropriate under paragraph 3.23 (disagreement escalation). Such limitations include, without limitation, inability to access necessary data, models, personnel or records; insufficient time to perform necessary procedures; and imposition by the insurance company or the auditor of restrictions that are incompatible with the performance of the actuarial work in accordance with this IGN.

3.4.4 **Coordination with joint auditors.** Where the audit is conducted jointly by more than one auditor under Section 139 of the Companies Act, 2013 and SA 299 *Responsibility of Joint Auditors*, the Auditing Actuary may clarify, before the actuarial work commences, the allocation of responsibilities among the joint auditors in respect of the actuarial work and the lines of communication between the Auditing Actuary and each joint auditor.

3.4.5 Timeliness. The Auditing Actuary may work within the agreed timelines as set out in the engagement letter or as modified in accordance with the terms of the engagement.

3.5 Materiality framework

3.5.1 **Auditor-determined materiality.** Materiality for the purpose of the actuarial work performed by the Auditing Actuary is determined by the auditor in accordance with SA 320 *Materiality in Planning and Performing an Audit* and may be communicated by the auditor to the Auditing Actuary. The Auditing Actuary performs the actuarial work by reference to the materiality threshold so communicated.

3.5.2 **Communication of materiality.** The Auditing Actuary may obtain from the auditor, and document, the overall materiality, the performance materiality and, where applicable, the specific materiality for particular classes of transactions, account balances or disclosures relevant to the actuarial work. The Auditing Actuary may also obtain and document any component-level materiality determined by the auditor in respect of insurance contract liabilities or other items addressed by the actuarial work.

3.5.3 **Application of materiality.** The Auditing Actuary may apply the materiality communicated under paragraph 3.5.2 in determining the nature, timing and extent of the procedures to be performed, in evaluating the results of those procedures, and in forming and communicating the Auditing Actuary's conclusions to the auditor.

3.5.4 **Matters material to the actuarial work but below auditor materiality.** The Auditing Actuary may, in the exercise of professional judgement, identify matters that are material to the actuarial work even though they fall below the materiality threshold communicated by the auditor. Where such matters arise, the Auditing Actuary may document the matters and the reasons for considering them material to the actuarial work, and may communicate the matters to the auditor. The auditor retains responsibility for determining whether such matters give rise to any modification of the auditor's materiality determination under SA 320.

3.5.5 **Change in materiality during the engagement.** If the auditor communicates a change in materiality during the course of the engagement, the Auditing Actuary may consider whether the change requires any reassessment of the procedures already performed, any change in the procedures yet to be performed, or any reassessment of the conclusions formed. The reassessment and any consequent action may be documented.

3.6 Risk assessment by the Auditing Actuary

3.6.1 **Obligation to perform risk assessment.** The Auditing Actuary may perform, document and update throughout the engagement an assessment of the risks of material misstatement of the financial statements arising from the matters within the scope of the actuarial work. The risk assessment may be informed by, and consistent with, the auditor's risk assessment communicated to the Auditing Actuary under the Standards on Auditing.

3.6.2 **Inherent risk factors framework.** In identifying and assessing the inherent risk associated with each material item within the scope of the actuarial work, the Auditing Actuary may have regard to each of the following inherent risk factors:

(i) **estimation uncertainty** — the susceptibility of the item to inherent lack of precision in measurement, including the range of reasonable measurement outcomes;

(ii) **complexity** — the inherent complexity of the methodology, the model, or the data necessary to measure the item, and the volume and inter-relationship of the inputs required;

(iii) **subjectivity** — the inherent need for professional judgement in selecting assumptions, methodology or model, and the absence of a single objectively determinable measurement; and

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(iv) **change** — the susceptibility of the item to material change arising from changes in the entity, the regulatory environment, the economic environment, or other relevant external circumstances since the previous reporting period.

3.6.3 **Application to Ind AS 117 measurement.** The Auditing Actuary may apply the inherent risk factors framework set out in paragraph 3.6.2 to each material Ind AS 117 measurement component, including without limitation the Contractual Service Margin, the Risk Adjustment, the Fulfilment Cash Flows, the discount rate, the cash flows within the contract boundary, the recognition of onerous contracts, the measurement of reinsurance contracts held, and the disclosures required by Ind AS 117.

3.6.4 **Risk catalogue — matters to which the Auditing Actuary may have regard.** In performing the risk assessment, the Auditing Actuary may have regard to each of the following risk categories that are relevant to the insurance company's business and the actuarial work:

(i) mortality risk; (ii) longevity risk; (iii) morbidity risk; (iv) persistency and lapse risk; (v) premium risk; (vi) catastrophe risk; (vii) other underwriting risk; (viii) market risk, including interest rate risk, equity risk, property risk and credit-spread risk; (ix) inflation risk; (x) expense risk; (xi) liquidity risk; (xii) tax risk; (xiii) reinsurance counterparty risk; (xiv) risk of delayed reporting or inadequate reporting of claims (xv) operational risk relevant to the actuarial measurement, including risk arising from the data, models and processes used by the insurance company; and (xvi) regulatory and legislative change risk relevant to the actuarial measurement.

3.6.5 **Identification of significant risks.** From the inherent risk assessment performed under paragraphs 3.6.2 to 3.6.4, the Auditing Actuary may identify those risks that are significant risks. In identifying significant risks, the Auditing Actuary may consider, in addition to the inherent risk factors, the materiality of the item, the volume and frequency of transactions giving rise to the item, the susceptibility to fraud risk identified under paragraph 3.6.8, and any indicators of management bias identified under paragraph 3.18.3.

3.6.6 **Reliance on substantive procedures alone.** Where the Auditing Actuary determines that, in respect of any significant risk, substantive procedures alone cannot provide sufficient appropriate evidence in support of the Auditing Actuary's conclusions, the Auditing Actuary may communicate this determination to the auditor and may consider, in conjunction with the auditor, the design of the controls testing necessary to address the significant risk.

3.6.7 **Documentation of risk assessment.** The risk assessment performed under this paragraph 3.6 may be documented in sufficient detail to enable the Auditing Actuary's conclusions on each significant risk to be traced to the underlying inherent risk factors, to the underlying risk

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categories, and to the procedures performed in response. The risk assessment may be reassessed and, if necessary, updated whenever during the engagement information becomes available that may affect the assessment.

3.6.8 Ind AS 117-specific fraud risks

3.6.8.1 Fraud risk in the context of Ind AS 117 refers to making willful choice of key elements such as (but not limited to) data, assumptions, models, model outcomes, methodologies, documentation (including notes to accounts) so as to misrepresent the true and fair financial position of the insurer. This can also include misinterpretation of provisions of the Ind AS 117 standard or any relevant regulations with an intent to providing a misleading result

3.6.8.2 **Catalogue of Ind AS 117-specific fraud risks.** The Auditing Actuary may have regard to the following non-exhaustive catalogue of fraud risks specific to the measurement of insurance contracts under Ind AS 117:

(i) **Contractual Service Margin release pattern** — including the premature release of the Contractual Service Margin to profit or loss in the current period, the use of aggressive coverage unit definitions that accelerate the release pattern, and inconsistent treatment of coverage units across reporting periods;

(ii) **Coverage unit definition** — by inappropriate inclusion or exclusion of expected lapses, by inappropriate treatment of varying contractual maximum cover, or by other manipulation that has the effect of accelerating or delaying Insurance Revenue;

(iii) **understatement of the Liability for Remaining Coverage** — including the inappropriate shifting of cash flows between reporting periods, the inappropriate manipulation of the timing of acquisition cash flows, or the inappropriate treatment of the discount rate to reduce the present value of future obligations;

(iii-a) **understatement of the Liability for Incurred Claims** — including the failure to incorporate future claim-related expenses, ignoring or under-providing for adverse court judgements (such as MACT awards trends in motor third-party business), and other emerging-claim severity indicators that should reasonably be reflected in the Liability for Incurred Claims;

(iv) **non-recognition or under-recognition of onerous groups of insurance contracts** — including the inappropriate aggregation of profitable contracts with potentially onerous contracts to mask the onerous status, the use of optimistic assumptions to avoid onerous contract recognition, and the failure to recognise loss components in respect of onerous groups;

(v) **mismeasurement of reinsurance contracts held** — including the inappropriate inflation of net gain on the purchase of reinsurance, the inappropriate timing of recognition of reinsurance recoveries, and the inappropriate treatment of reinsurance counterparty risk;

(vi) **mis-aggregation of annual cohorts** — including the inappropriate combination of contracts issued more than one year apart in a single group, the inappropriate splitting of contracts to manipulate the formation of groups, and the inappropriate application of the annual cohort requirement to participating contracts; and

(vii) **selection of transition approach to manipulate the Contractual Service Margin** — where the audit relates to a financial reporting period for which a transition approach has been selected under Section 4, the selection or change of the transition approach for any group of insurance contracts in a manner driven by its effect on the Contractual Service Margin and not by an objective evaluation of practicability;

(viii) **Risk Adjustment diversification level** — including the inclusion of group, pool or sub-portfolio diversification in the Risk Adjustment that is not reflected in the entity's pricing, capital allocation or risk management; the inconsistent application of the diversification level across reporting periods or across reporting levels; and the use of cross-line-of-business diversification in the Risk Adjustment for groups whose pricing was set on a single-line-of-business basis without explicit cross-line capital relief; and

(ix) **selection of the Premium Allocation Approach to avoid recognition of an onerous group** — including the election of the Premium Allocation Approach for a group of insurance contracts or reinsurance contracts where management expects the General Measurement Model measurement would disclose an onerous outcome; where the paragraph 53(a) reasonable-approximation test under Ind AS 117 has not been demonstrably met; or where the paragraph 53(b) one-year safe harbour has been claimed by carving multi-year coverage into one-year sub-periods or by other inappropriate aggregation. The risk extends to direct-business multi-year contracts and to reinsurance contracts held with multi-year terms.

3.6.8.3 **Procedures in respect of identified fraud risks.** Where the Auditing Actuary identifies any matter that may indicate the existence of a fraud risk falling within the catalogue in paragraph 3.6.8.2 or any analogous fraud risk:

(i) the Auditing Actuary may consider whether the matter requires the performance of further procedures or the modification of existing procedures;

(ii) the Auditing Actuary may communicate the matter to the auditor on a timely basis;

(iii) the Auditing Actuary may consider whether the matter requires escalation under paragraph 3.23; and

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(iv) the Auditing Actuary may document the matter, the evaluation made, the procedures performed in response and the conclusions reached.

3.6.8.4 **Rebuttal of fraud-risk presumption in revenue recognition.** Where the Appointed Actuary or the auditor has, in respect of Insurance Revenue under Ind AS 117, considered the rebuttal of the fraud-risk presumption applicable to revenue recognition under SA 240, the Auditing Actuary may consider whether the rebuttal is appropriate having regard to the fraud risks set out in paragraph 3.6.8.2 and to the specific facts and circumstances of the insurance company. The basis on which the rebuttal is considered to be appropriate, or not appropriate, may be documented.

3.7 Understanding the Person Responsible for Ind AS 117 Measurement and the methodology

3.7.1 Obligation to obtain understanding. The Auditing Actuary may obtain a sufficient understanding of the work performed by the Person Responsible for Ind AS 117 Measurement (and the actuarial function of the insurance company supporting that Company Official) in measuring the items within the scope of the actuarial work. The understanding obtained may be sufficient to enable the Auditing Actuary to design and perform appropriate procedures.

3.7.2 Matters to be understood. The understanding referred to in paragraph 3.7.1 may include, in respect of each material Ind AS 117 measurements components:

(i) the methodology applied by the Person Responsible for Ind AS 117 Measurement, including the basis on which the methodology has been selected and the appropriateness of that methodology in the context of the contracts and risks under measurement;

(ii) the data sources, data flow, and any data transformations applied prior to or within the measurement process;

(iii) the assumptions adopted, the basis for setting those assumptions, the sources of evidence supporting those assumptions, and any specific or general margins or adjustments applied to those assumptions;

(iv) the models used, including the model selection rationale, model governance, model validation outcomes, and any known model limitations;

(v) the controls operating over the data, assumptions, methodology and models; and

(vi) the disclosures intend to be made in the financial statements in respect of the measurements.

3.7.3 Evaluation of the work, output and controls. Consistent with SA 620, the Auditing Actuary may evaluate the work performed by the Person Responsible for Ind AS 117 Measurement, the output of that work, and the controls operating over that work. The Auditing

Actuary's evaluation may focus on the technical adequacy of the methodology and assumptions, the integrity of the data and models, the operation of the controls, and the appropriateness of the measurement output. The Auditing Actuary's evaluation does not extend to a separate assessment of the competence, capability or objectivity of the Person Responsible for Ind AS 117 Measurement (unless such person is an Independent Validator upon whose work the Auditing Actuary intends to place reliance under paragraph 3.7.4); such assessment is a matter for the auditor under SA 620.

3.7.4 Independent Validation in the first year of Ind AS implementation. Where the audit relates to a financial reporting period in respect of which the insurance company has been required to obtain Independent Validation under Schedule IIA of the IRDAI 2024 Regulations, the Auditing Actuary may rely on the Independent Validation report as audit evidence if he is able to obtain the sufficient evidence from the same, having regard to the scope, depth and findings of the Independent Validation, and the qualifications and independence of the Independent Validator. The Auditing Actuary's procedures may be designed accordingly.

3.8 Procedures on data

3.8.1 **Obligation to perform procedures on data.** The Auditing Actuary may perform procedures sufficient to obtain reasonable assurance that the data used by the Person Responsible for Ind AS 117 Measurement, the actuarial function of the insurance company and, where applicable, the Auditing Actuary, in measuring the items within the scope of the actuarial work, is sufficient, reliable and appropriate for the measurement of the relevant Ind AS 117 components.

3.8.2 **Sufficient and reliable data.** Data is sufficient if it includes the appropriate information for the measurement of the relevant Ind AS 117 components. Data is reliable if it is substantially accurate. The Auditing Actuary may form a view on the sufficiency and reliability of the data and may document the basis for that view.

3.8.3 **Data validation procedures.** The Auditing Actuary may apply such procedures as are appropriate to the engagement to validate the data, including without limitation:

(i) reconciliation of the data extracted from the insurance company's policy administration, claims, reinsurance, investment, expense and other systems to the underlying source records, to the general ledger, and to the audited books of account;

(ii) reconciliation of the data to the corresponding regulatory returns prepared by the insurance company under the IRDAI 2024 Regulations, with explanation of any reconciling items;

(iii) testing of the data for internal consistency, including consistency between connected data items (such as policy inception dates, premium dates, and claim dates) and consistency across data items used for different actuarial purposes;

(iv) testing of the data for completeness, including identification of policies, claims and other items that may have been omitted from the data;

(v) testing of the data for reasonableness against external or independent data, including industry benchmarks where available; and

(vi) comparison of the data to the data used in prior periods, with explanation of any material differences.

3.8.4 **Data lineage.** The Auditing Actuary may obtain and document an understanding of the data lineage from the source systems of the insurance company through to the data tables used by the Person Responsible for Ind AS 117 Measurement in the measurement of the Ind AS 117 components, including the transformations applied and the controls over the transformations.

3.8.5 **Data bias identification.** The Auditing Actuary may identify the extent of any material bias within the data. In doing so, the Auditing Actuary may consider whether:

(i) any segments of the data are over- or under-represented relative to the population from which they are drawn;

(ii) modifications such as interpolation, extrapolation, adjustment or discarding of outliers have been applied to the data;

(iii) the data includes content that is subjective or not supported by statistically credible information; and

(iv) the data was originally collected for a purpose other than the Ind AS 117 measurement and may therefore be unsuitable for that purpose without adjustment.

3.8.6 **Material data deficiencies.** Where the Auditing Actuary identifies a material deficiency in the data, the Auditing Actuary may:

(i) communicate the deficiency to the auditor and to the Person Responsible for Ind AS 117 Measurement;

(ii) evaluate the effect of the deficiency on the measurement of the relevant Ind AS 117 components and on the Auditing Actuary's conclusions; and

(iii) consider whether the deficiency requires escalation under paragraph 3.23.

3.8.7 **Procedures on data prepared by external parties.** Where data used by the Person Responsible for Ind AS 117 Measurement or the actuarial function has been prepared or supplied by an external party (including a service organisation, a reinsurer, an investment manager, a third-party administrator or a market data vendor), the Auditing Actuary may

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consider the procedures necessary to obtain sufficient appropriate evidence in respect of such data.

3.8.8 With regards to the procedures pertaining to data under clause 3.8, due reference may be made to Actuarial Practice Standard 34. It is also recommended that such procedures that are carried out by the Auditor may be referenced by the Auditing Actuary within his scope of review

3.9 Procedures on assumptions

3.9.1 **Obligation to perform procedures on assumptions.** The Auditing Actuary may perform procedures sufficient to obtain reasonable assurance that the assumptions used by the Person Responsible for Ind AS 117 Measurement and the actuarial function of the insurance company in measuring the items within the scope of the actuarial work are appropriate for the measurement of the relevant Ind AS 117 components.

3.9.2 **Material assumptions.** The Auditing Actuary may identify each material assumption used in the measurement of the relevant Ind AS 117 components. For each material assumption, the Auditing Actuary may:

(i) understand how the assumption has been derived, including the data, methodology and judgement applied by the Person Responsible for Ind AS 117 Measurement in setting the assumption;

(ii) evaluate the appropriateness of the assumption against the requirements of Ind AS 117, against industry experience where relevant, and against the experience of the insurance company in prior periods;

(iii) consider credible alternative values for the assumption that may have been considered, or could have been considered, by the Person Responsible for Ind AS 117 Measurement, and evaluate whether the value selected by the Person Responsible for Ind AS 117 Measurement is reasonable in the light of those alternatives;

(iv) evaluate the sensitivity of the relevant Ind AS 117 components to the assumption; and

(v) document the procedures performed, the alternatives considered, and the conclusions reached.

3.9.3 **Assumption bias identification.** The Auditing Actuary may identify the extent of any material bias within the assumptions. In doing so, the Auditing Actuary may consider whether:

(i) the underlying data on which the assumption has been derived is itself biased;

(ii) the assumption contains an adjustment to reflect a desired outcome that is not separately disclosed and justified; and

(iii) the assumption involves a margin or other adjustment that is not consistent with the unbiased best estimate basis (arithmetic mean) of measurement required by Ind AS 117.

3.9.4 **Cross-purpose assumption consistency review.** The Auditing Actuary may, for each material assumption, consider whether the assumption is consistent with the corresponding assumption (or assumption that addresses the same underlying matter) used by the insurance company for other relevant purposes, including without limitation:

(i) business planning, budgeting, shareholder reporting and internal MIS;

(ii) pricing of new and existing insurance contracts;

(iii) reinsurance pricing and structuring;

(iv) capital modelling, including under any internal capital adequacy framework;

(v) reporting to the IRDAI under the IRDAI 2024 Regulations on a basis other than Ind AS 117; and

(vi) reporting under earlier accounting frameworks for prior periods to the extent such information remains relevant.

Where the Auditing Actuary identifies a material inconsistency between the assumption used for the Ind AS 117 measurement and the corresponding assumption used for any other purpose referred to above, the Auditing Actuary may evaluate whether the inconsistency is justified by reference to the differing measurement objectives. A material inconsistency that cannot be so justified may be an indicator of management bias under paragraph 3.18.3.

3.9.5 **Back-testing of prior-period assumptions.** The Auditing Actuary may consider, for each material assumption used in the prior reporting period, whether the actual experience that has emerged since that period supports the continued use of the assumption in the current period. A consistent pattern of actual experience materially exceeding or falling short of the assumed value in prior periods is a matter that the Auditing Actuary may consider in evaluating the appropriateness of the current period assumption.

3.9.6 **Sensitivity testing.** The Auditing Actuary may perform such sensitivity testing as is appropriate to the engagement to evaluate the impact of plausible variations in material assumptions on the relevant Ind AS 117 components and on the conclusions reached by the Auditing Actuary.

3.10 Procedures on methodology

3.10.1 **Obligation to perform procedures on methodology.** The Auditing Actuary may perform procedures sufficient to obtain reasonable assurance that the methodology applied by the Person Responsible for Ind AS 117 Measurement and the actuarial function of the insurance

company in measuring the items within the scope of the actuarial work is appropriate for the measurement of the relevant Ind AS 117 components.

3.10.2 **Compliance with Ind AS 117.** The Auditing Actuary may evaluate whether the methodology applied is consistent with the requirements of Ind AS 117, including:

(i) the eligibility of the measurement model selected (whether the General Measurement Model, the Premium Allocation Approach or the Variable Fee Approach) for each group of insurance contracts and each portfolio of insurance contracts, in accordance with paragraph 3.10.2A;

(ii) the application of the requirements relating to the level of aggregation, including the formation of portfolios and groups of insurance contracts and the application of the annual cohort requirement;

(iii) the application of the requirements relating to the recognition of insurance contracts and the determination of the contract boundary;

(iv) the application of the requirements relating to the measurement of the Fulfilment Cash Flows, the Risk Adjustment, the Contractual Service Margin, the Liability for Remaining Coverage and the Liability for Incurred Claims, the disaggregation of IFIE between P&L-OCI and the significant financing component;

(v) the application of the requirements relating to onerous contracts; and

(vi) the application of the requirements relating to reinsurance contracts held.

3.10.2A **Premium Allocation Approach eligibility.** The Auditing Actuary may specifically evaluate the eligibility of any group of insurance contracts (or reinsurance contracts held) for measurement under the Premium Allocation Approach. The evaluation may address:

(i) **Two-route framework.** Whether eligibility is claimed under paragraph 53(a) of Ind AS 117 (the reasonable-approximation test) or under paragraph 53(b) of Ind AS 117 (the one-year mechanical safe harbour). The two routes are not interchangeable: each may be evaluated on its own terms.

(ii) **Paragraph 53(b) one-year safe harbour.** Where eligibility is claimed under paragraph 53(b), the Auditing Actuary may verify that the coverage period of each contract in the group is one year or less, assessed at the **whole-contract level** consistent with the Transition Resource Group Agenda Paper AP01 of February 2018. The Auditing Actuary may specifically verify that a multi-year contract has not been carved into one-year sub-periods to claim the safe harbour, and that a bundled contract has not been split into components to claim the safe harbour for one component. Where economic substance or regulatory preference would be in

favor of unbundling components of a contract but it has been bundling the Auditing Actuary may also evaluate the suitability of such a decision

(iii) **Paragraph 53(a) reasonable-approximation test.** Where eligibility is claimed under paragraph 53(a), the burden is on the insurance company to demonstrate, by an affirmative quantitative analysis, that the Premium Allocation Approach measurement of the Liability for Remaining Coverage would not differ materially from a notional General Measurement Model measurement. The Auditing Actuary may obtain and evaluate the entity's quantitative comparison, including the reporting points tested and the scenarios tested across the coverage period.

(iv) **Paragraph 54 disqualifier.** The Auditing Actuary may evaluate whether significant variability in the fulfilment cash flows that would affect the measurement of the Liability for Remaining Coverage during the period before a claim is incurred is expected. Variability increases with the extent of future cash flows related to embedded derivatives, the length of the coverage period, the presence of reinstatement, aggregate-limit, profit-commission, sliding-scale or loss-participation features, and other features that introduce material time-value-of-money or option-based variability. Where significant variability is expected, the Premium Allocation Approach is not available.

(v) **Irrevocability of election.** The Premium Allocation Approach election is made at the inception of the group and is irrevocable for the life of the group, implying a stricter governance requirement on PAA eligibility. Where the original eligibility assessment is later found to be based on error, incomplete information or inappropriate assumptions, the Auditing Actuary may evaluate the implications for correction of error under Ind AS 8, for disclosure, and for current-period measurement. Ongoing-period evidence is required: the conditions on which the paragraph 53(a) approximation rested may continue to be valid.

(vi) **Multi-year direct contracts.** The Auditing Actuary may specifically evaluate the eligibility of multi-year direct insurance contracts (including but not limited to multi-year health, multi-year motor, multi-year/life insurance, multi-year warranty cover, multi-year credit life, long-period personal accident and similar covers). The paragraph 53(b) one-year safe harbour is not available; eligibility, if claimed, may be supported by paragraph 53(a) reasonable-approximation analysis. The paragraph 54 disqualifier may be evaluated. The Premium Allocation Approach should not be presumed to be available for multi-year direct contracts merely on the grounds that single-year direct contracts of similar product type qualify.

(vii) **Single-premium multi-year direct contracts with a significant financing component.** Where the insurance company writes single-premium multi-year direct contracts (for example,

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single-premium multi-year health, single-premium personal-accident long-period cover, single-premium credit-life cover for the term of the underlying loan, single-premium multi-year travel, multi-year warranty cover) the Auditing Actuary may evaluate whether a significant financing component exists for the purposes of paragraph 56 of Ind AS 117. Indicators that a significant financing component is present include the receipt of premium materially in advance of the period of coverage, an implied rate of interest in the contract that is significant, a duration of deferral between premium receipt and the period of coverage exceeding one year, and the contract being economically a hybrid of insurance and investment with a material time-value-of-money effect. Where a significant financing component is identified, the carrying amount of the Liability for Remaining Coverage may be adjusted under paragraph 56 read with paragraph B72(d) of Ind AS 117 using the discount rate determined on initial recognition (a locked-in rate). The Auditing Actuary may verify that the locked-in rate is constructed using the IRDAI-prescribed CCIL Zero-Coupon Yield Curve referred to in paragraph 3.14.3, and that the locked-in rate is retained for the life of the group. Where the entity has determined that no significant financing component is present despite a multi-year single-premium structure, the Auditing Actuary may evaluate the materiality and reasonableness of that conclusion.

(viii) **Bundled contracts.** Where a contract has features that, if sold separately, would qualify for the Premium Allocation Approach in respect of one component but not another, the Auditing Actuary may verify that the entity has not invoked the Premium Allocation Approach for the whole contract on the strength of the qualifying component. Eligibility is assessed at the whole-contract level.

3.10.3 **Consistency of methodology.** The Auditing Actuary may evaluate whether the methodology is applied consistently across portfolios and groups of insurance contracts, across reporting periods, and across the components of the Ind AS 117 measurements. Where the methodology has changed from a prior period, the Auditing Actuary may evaluate the basis for the change, the impact of the change on the relevant Ind AS 117 components, and the disclosure of the change in the financial statements.

3.10.4 **Approximations and simplifications.** Where the methodology applied includes any approximation or simplification that may have a material effect on the measurement of the relevant Ind AS 117 components, the Auditing Actuary may evaluate whether the approximation or simplification is appropriate having regard to the materiality of the effect, the practical alternatives available, and the disclosure of the approximation or simplification in the financial statements.

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3.11 Procedures on models

3.11.1 Model lifecycle. The Auditing Actuary's evaluation of the insurance company's model risk management may address the three processes of the model lifecycle:

(i) the core modelling process — model development, implementation, and use;

(ii) model validation — independent review, process verification and ongoing model performance monitoring; and

(iii) model risk controls — the processes and procedures (other than model validation activities) that manage, control or mitigate model risk.

3.11.2 Model inventory. The Auditing Actuary may obtain and review the insurance company's model inventory in respect of all material Ind AS 117 models. The inventory should, at a minimum, identify (a) the purpose and use of each model and its operating boundaries, (b) the model's assumptions and limitations, (c) the findings from validation including remediation status, and (d) the governance details (model owner, validator, last validation date, frequency of future validation). Absence of a comprehensive model inventory is itself a finding that the Auditing Actuary may communicate to the auditor.

3.11.3 Model validation. The Auditing Actuary may evaluate the validation performed in respect of each material model. The validation may include:

(i) an independent review covering all model components (input data, calculations, reporting), the conceptual soundness of the model, the suitability for intended use, the relevance and completeness of development data, the qualitative judgements applied, and additional testing where appropriate;

(ii) process verification of the systems implementation, integration, and reporting outputs; and

(iii) ongoing model performance monitoring against thresholds established at development.

The validation function may operate independently from model development and from model owners, with separate reporting lines.

3.11.4 Post-model adjustments (PMAs). The Auditing Actuary may evaluate the use of any post-model adjustments, overlays, overrides or expert-judgement adjustments to model output. PMAs may be:

(i) supported by clearly documented justification and an explanation of how they are calculated;

(ii) approved by appropriate senior management or risk / audit committee for material models or portfolios;

(iii) reported transparently — model results may be presented with and without PMAs so the user can see the magnitude of the adjustment; and

(iv) subject to an independent review for materiality, qualitative reasoning, input integrity, output plausibility and root-cause analysis of the underlying model limitation. The independent review under (iv) is required in full for any PMA (or set of related PMAs) where the sum of the absolute values of the adjustments exceeds 5 per cent of the Contractual Service Margin of the affected group at transition or 2 per cent of the Liability for Remaining Coverage of the affected group at the reporting date

The Auditing Actuary may evaluate whether the materiality of PMAs, or a trend of recurring PMAs for the same model limitation, is indicative of flawed model design requiring recalibration or redevelopment.

3.11.5 Vendor / external models. Where the insurance company uses externally developed or vendor models (for example, catastrophe models, economic scenario generators, or third-party Ind AS 117 calculation platforms), the Auditing Actuary may evaluate whether the insurance company has satisfied itself that the vendor models have been validated to the same standards as internal models, has verified the relevance of vendor-supplied data and assumptions, and has validated the insurer's own use of the vendor product including ongoing performance monitoring with the insurer's own outcomes.

3.11.6 Documentation and replicability. The Auditing Actuary may evaluate whether model documentation is sufficiently detailed so that an independent third party with relevant expertise could understand how the model operates, identify the key model assumptions and limitations, and replicate parameter estimation and model results. The Auditing Actuary may evaluate the firm's versioning processes such that model results can be reproduced from the documented version of the model and the documented inputs.

3.11.7 Effectiveness report. Auditing Actuary may request from the insurance company the most recent report on the effectiveness of model risk management for financial reporting purposes. Where such a report is maintained, the Auditing Actuary may obtain and review it as part of the model-risk procedures under this paragraph 3.11. Where no such report is maintained, the Auditing Actuary may communicate that fact to the auditor; the absence of an MRM-effectiveness report is itself an audit-relevant finding that should be considered in the auditor's assessment of, and response to, the risk of material misstatement.

3.12 Procedures on the Contractual Service Margin

3.12.1 **Initial recognition of the Contractual Service Margin.** For each material group of insurance contracts, the Auditing Actuary may evaluate the determination of the Contractual Service Margin at initial recognition under paragraphs 38 and 39 of Ind AS 117, including:
(i) the identification of the date of initial recognition of the group; (ii) the measurement of the fulfilment cash flows at initial recognition; (iii) the recognition and measurement of the Risk Adjustment for non-financial risk at initial recognition; (iv) the inclusion of insurance acquisition cash flows attributable to the group; (v) the determination of any cash flows arising at the date of initial recognition; and (vi) the identification of any onerous group of insurance contracts and the recognition of any loss component under paragraphs 47 to 52 of Ind AS 117.

3.12.2 **Subsequent measurement of the Contractual Service Margin (General Measurement Model).** For groups of insurance contracts measured under the General Measurement Model, the Auditing Actuary may evaluate the subsequent measurement of the Contractual Service Margin under paragraphs 43 to 46 of Ind AS 117, including:
(i) the addition of the effect of any new contracts added to the group; (ii) the accretion of interest on the carrying amount of the Contractual Service Margin at the locked-in discount rate; (iii) the changes in fulfilment cash flows that adjust the Contractual Service Margin and the changes that do not; (iv) the effect of any currency exchange differences; and (v) the amount recognised as Insurance Revenue in the period because of the transfer of services in the period (the "release" of the Contractual Service Margin to profit or loss).

3.12.3 **Subsequent measurement of the Contractual Service Margin (Variable Fee Approach).** For groups of insurance contracts with direct participation features measured under the Variable Fee Approach, the Auditing Actuary may evaluate the subsequent measurement of the Contractual Service Margin under paragraphs B110 to B118 of Ind AS 117, including:
(i) the entity's share of the change in the fair value of the underlying items; (ii) the changes in fulfilment cash flows relating to future service that adjust the Contractual Service Margin and the changes that do not; (iii) the application of the risk-mitigation option, where elected, and its consistency with the conditions for that election; (iv) the effect of any currency exchange differences; and (v) the amount recognised as Insurance Revenue in the period because of the transfer of services in the period.

3.12.4 **Coverage units and the release pattern.** The Auditing Actuary may evaluate the determination of coverage units under paragraphs B119 to B119B of Ind AS 117, having regard

to both the insurance service and any material investment service component of the contracts (for example unit-linked contracts and participating contracts with a significant investment-management element). Coverage units may reflect the combined benefit provided to policyholders across both the insurance service and the investment service, and not the insurance service alone and the resulting pattern of release of the Contractual Service Margin to profit or loss. In doing so, the Auditing Actuary may:

(i) evaluate whether the coverage units reflect the quantity of benefits provided by the contracts in the group and the expected period over which those benefits are provided;

(ii) evaluate whether the coverage units appropriately reflect the effect of expected lapses on the duration of cover;

(iii) evaluate whether the coverage units appropriately reflect varying contractual maximum cover over time;

(iv) evaluate whether expected claims probability has been appropriately excluded from the coverage units;

(v) evaluate the consistency of the coverage unit definition across reporting periods, and the basis for any change in the coverage unit definition; and

(vi) consider whether the coverage unit definition is susceptible to bias in the direction of accelerating or delaying the recognition of Insurance Revenue.

3.12.5 **Onerous contracts and loss components.** The Auditing Actuary may evaluate the identification of onerous groups of insurance contracts under paragraphs 47 to 52 of Ind AS 117, the recognition and measurement of the loss component, the subsequent allocation of changes in fulfilment cash flows between the loss component and the liability for remaining coverage, and the reversal of the loss component where the group is no longer onerous.

3.13 Procedures on the Risk Adjustment for non-financial risk

3.13.1 **Methodology.** The Auditing Actuary may evaluate the methodology applied by the Person Responsible for Ind AS 117 Measurement in determining the Risk Adjustment, including:

(i) the basis on which the Risk Adjustment has been determined (whether by reference to a confidence level, a cost-of-capital approach, or another approach);

(ii) the consistency of the methodology with the requirements of paragraphs 37 and B86 to B92 of Ind AS 117;

(iii) the level of aggregation at which the Risk Adjustment has been determined;

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(iv) the treatment of diversification benefits in the determination of the Risk Adjustment, in accordance with paragraph 3.13.2A;

(v) the treatment of the Risk Adjustment under reinsurance contracts held; and

(vi) the consistency of the methodology across reporting periods, and the basis for any change in methodology.

3.13.1A **Diversification benefit in the Risk Adjustment.** The Risk Adjustment may reflect the compensation that the insurance company requires for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk. The recognition of diversification benefit in the Risk Adjustment is **entity-specific** and may be anchored to the insurance company's actual behaviour in pricing, capital allocation and risk management. The Auditing Actuary may evaluate the diversification benefit recognised by the insurance company having regard to:

(i) **Pricing-RA consistency test.** The level of diversification benefit reflected in the Risk Adjustment may be consistent with the level of diversification benefit reflected in the insurance company's pricing of the contracts in the relevant portfolio. Two specific asymmetries may be specifically addressed by the Auditing Actuary:

(a) **Asymmetry direction A.** A company that does not take diversification benefit in pricing cannot take group, pool or sub-portfolio diversification in the Risk Adjustment. Such asymmetry constitutes overstatement of diversification and consequent understatement of the Risk Adjustment, and is an indicator of management bias.

(b) **Asymmetry direction B.** A company that takes diversification benefit in pricing generally cannot decline to take diversification benefit in the Risk Adjustment. The Auditing Actuary may evaluate the entity's actual compensation-determination behaviour, of which pricing is a strong indicator but not the sole indicator. Where pricing reflects sub-portfolio diversification but the entity's risk-bearing perspective for compensation purposes is set at a different level (such as standalone line-of-business management), the Auditing Actuary may evaluate the consistency of that distinction with the entity's capital allocation and risk-management practices.

(ii) **Capital allocation evidence.** The Auditing Actuary may evaluate the capital allocation methodology applied by the insurance company in respect of the contracts in the relevant portfolio, including whether capital is allocated on an entity-only basis or with parent-group support, and how risk limits are set (whether at the level of a standalone fund, a standalone line of business, the entity as a whole, or the group). The mathematical translation of the entity's capital allocation into the Risk Adjustment calibration may be documented and consistent.

(iii) **Indian-specific application.** The Auditing Actuary may specifically have regard to the level of diversification benefit recognised across:

(a) IRDAI-regulated lines of business (life, general, health, reinsurance);

(b) group company structures where life, general, health and reinsurance subsidiaries are held under a common parent;

(c) industry pool participations (cross-reference paragraph 3.13.5); and

(d) cross-line-of-business diversification where pricing is performed at single-line-of-business level but Risk Adjustment recognises cross-line diversification.

(iv) **Documentation expectation.** The working papers may specifically capture evidence on how the entity sets technical prices (granular line-of-business factors; cross-line-of-business capital relief, if any); how capital is allocated; how risk limits are set; and the mathematical translation of these into the Risk Adjustment calibration. A material disconnect between the foregoing and the Risk Adjustment diversification level is a finding to be reported under paragraph 3.22 and, if material and unresolved, escalated under paragraph 3.23.

3.13.2 **Confidence level disclosure.** Where the Person Responsible for Ind AS 117 Measurement has determined the Risk Adjustment by a method other than the confidence-level technique, the Auditing Actuary may evaluate the determination of the equivalent confidence level required to be disclosed under paragraph 119 of Ind AS 117.

3.13.3 **Risk Adjustment for reinsurance held.** The Auditing Actuary may assess the Risk Adjustment recognised on reinsurance contracts held, having regard to the requirement that the Risk Adjustment on reinsurance held cannot be nil and may reflect the amount of risk being transferred to the reinsurer unless there is no significant insurance risk transfer in which case the contract does not come under IndAS 117.

3.13.4 **Indian-specific application — industry pools.** Where the insurance company participates in an Indian motor third-party insurance pool, terrorism pool or any similar industry pool managed by an industry association or by a designated reinsurer, the Auditing Actuary may evaluate the determination of the Risk Adjustment having regard to the issuer status of the pool and the cash flow pattern between the insurance company and the pool.

3.14 Procedures on the discount rate

3.14.1 **Methodology including liquidity / illiquidity adjustments.** The Auditing Actuary may evaluate the methodology applied by the Person Responsible for Ind AS 117 Measurement in determining the discount rate, including:

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(i) whether a top-down approach or a bottom-up approach has been applied, and the basis for that election under paragraphs 36 and B72 to B85 of Ind AS 117;

(ii) the construction of the underlying yield curve, including the reference instruments used, the period over which observable market data is available, and the method of extrapolation beyond the period of observable data;

(iii) the determination of any liquidity premium or, where a top-down approach is applied, any deduction in respect of factors that do not affect the cash flows of the insurance contracts;

(iv) the alignment of the characteristics of the discount rate with the characteristics of the cash flows being discounted (currency, liquidity, timing);

(v) the treatment of contracts with cash flows that vary with returns on underlying items (Variable Fee Approach) and the application of paragraphs B72 to B73 of Ind AS 117;

(vi) the determination of the locked-in discount rate at initial recognition for the purposes of the Contractual Service Margin under the General Measurement Model; and

(vii) the consistency of the methodology across reporting periods, and the basis for any change in methodology.

3.14.2 **IRDAI-prescribed risk-free rate source.** The Auditing Actuary may verify that the insurance company has used IRDAI-prescribed risk-free rate source (currently the Zero-Coupon Yield Curve published by the Clearing Corporation of India Limited (CCIL) of Government of India securities as per the IRDAI Circular on Clarifications on Implementation of Ind AS dated 1 April 2026) or any successor source as may be specified by the IRDAI from time to time. The Auditing Actuary may verify that the IRDAI-prescribed risk-free rate source Zero-Coupon Yield Curve has been used:

(i) as the starting curve in the construction of the discount rate where a bottom-up approach is applied;

(ii) as the reference yield curve component in the construction of the discount rate where a top-down approach is applied; and

(iii) as the risk-free rate source for the locked-in discount rate at initial recognition under paragraph B72(b) of Ind AS 117 (interest accretion on the Contractual Service Margin under the General Measurement Model), under paragraph B72(c) (changes to the Contractual Service Margin), under paragraph B72(d) (significant financing component for groups of contracts measured under the Premium Allocation Approach), and under paragraph B72(e) (disaggregation of Insurance Finance Income or Expense under the OCI option).

The Auditing Actuary may also verify that the methodology used to construct each curve required by paragraph B72 (the current curve under B72(a) and the locked-in curves under

B72(b) to B72(e)) is the same paragraph 36 methodology, and that the IRDAI-prescribed risk-free rate source Zero-Coupon Yield Curve is used as the risk-free rate source for all such curves. Methodological consistency across the curve uses, and consistency in the use of the prescribed risk-free rate source, are substantive requirements under this paragraph 3.14.3.

The Auditing Actuary may also have regard to the limitations of the Indian fixed income market in respect of corporate bond data, the implications of those limitations for the construction of the discount rate where a top-down approach is applied (which involves a deduction in respect of credit and other factors), and the manner in which the Person Responsible for Ind AS 117 Measurement has addressed those limitations.

3.14.3 **Disaggregation of Insurance Finance Income or Expense.** Where the insurance company has elected to disaggregate Insurance Finance Income or Expense between profit or loss and other comprehensive income under paragraphs 88 and 89 of Ind AS 117, the Auditing Actuary may evaluate:

(i) the consistency of the election across groups of insurance contracts within a portfolio;

(ii) the determination of the systematic allocation of the total expected Insurance Finance Income or Expense to profit or loss over the duration of the group;

(iii) the calculation of the cumulative amount included in other comprehensive income; and

(iv) the reclassification adjustments from other comprehensive income to profit or loss on derecognition of insurance contracts.

3.15 Procedures on cash flows and contract boundary

3.15.1 **Cash flows within the measurement.** The Auditing Actuary may evaluate:

(i) the identification of the cash flows arising from the rights and obligations within the contract boundary;

(ii) the unbiased and probability-weighted estimation of expected future cash flows under paragraphs 33 and B36 to B41 of Ind AS 117;

(iii) the inclusion of acquisition cash flows attributable to the group of insurance contracts;

(iv) the inclusion of cash flows that may arise from the Person Responsible for Ind AS 117 Measurement's expectation of management actions and policyholder behaviour, with appropriate evidence in support of the expected actions and behaviour;

(v) the treatment of cash flows arising from options and guarantees within the contracts;

(vi) the treatment of taxes attributable to insurance contracts under paragraph B65 of Ind AS 117; and

(vii) the consistency of the cash flow estimates with the assumptions evaluated under paragraph 3.9.

3.15.2 **Contract boundary.** The Auditing Actuary may evaluate the determination of the contract boundary for each material group of insurance contracts, having regard to:

(i) the substantive obligation of the insurance company to provide services and the substantive right of the insurance company to compel the policyholder to pay premiums;

(ii) the practical ability of the insurance company to reassess the risks of the contract or the portfolio of contracts and to set a price or level of benefits that fully reflects the reassessed risks;

(iii) the treatment of options to extend coverage, renewal options and policy options that are not separately accounted for;

(iv) the treatment of group insurance contracts (B2B2C) where the insurance company does not have the practical ability to reject issuance of certificate of insurance to new members or does not have the practical ability to exit the group contract without any cost; and

(v) the consistency of the contract boundary determination across reporting periods, and the basis for any change.

3.15.3 **Indian-specific application.** The Auditing Actuary may have regard, where relevant, to the contract boundary considerations applicable to:

(i) unit-linked insurance contracts with revision clauses on charges;

(ii) group insurance contracts written on tied-agency-distribution and bancassurance models;

(iii) renewable health insurance contracts especially for senior citizens or where product is new;

(iv) crop insurance contracts subscribed under government-sponsored schemes; and

(v) any other class of business where the practical ability of the insurance company to reprice or terminate the cover is restricted by regulation, by contract terms or by industry practice.

3.16 Procedures on reinsurance contracts held

3.16.1 **Boundary of the reinsurance contract held.** The Auditing Actuary may evaluate the determination of the boundary of each material reinsurance contract held, having regard to the dual-lens test under paragraph 25(c) of Ind AS 117 (the right of the insurance company to receive services from the reinsurer and the obligation of the insurance company to pay premiums to the reinsurer), the implications of any repricing rights of the reinsurer, and the symmetry between the boundary of the underlying insurance contracts issued and the boundary of the reinsurance contract held.

3.16.2 **Measurement of the reinsurance contract held.** The Auditing Actuary may evaluate the measurement of each material reinsurance contract held, including:

(i) the application of the General Measurement Model in all cases except where the Premium Allocation Approach is permitted under paragraph 69 of Ind AS 117;

(ii) the use of consistent assumptions, but not necessarily identical assumptions, with the underlying insurance contracts issued;

(iii) the application of the locked-in discount rate at initial recognition for the purposes of the reinsurance Contractual Service Margin;

(iv) the recognition of any net cost or net gain on the purchase of reinsurance, and the appropriate treatment of any net gain through the Contractual Service Margin or, where applicable, immediately in profit or loss;

(v) the allocation of the Contractual Service Margin to profit or loss based on coverage units that reflect the services provided to the insurance company by the reinsurer; and

(vi) the recognition of changes in fulfilment cash flows of the underlying insurance contracts issued in the measurement of the reinsurance contract held.

3.16.3 **Risk Adjustment on reinsurance contracts held.** The Auditing Actuary may evaluate the Risk Adjustment recognised on reinsurance contracts held, consistent with paragraph 3.13.4.

3.16.4 **Reinsurance counterparty considerations.** The Auditing Actuary may evaluate the recognition and measurement of the effect of any non-performance risk of the reinsurer in the measurement of the reinsurance contract held, including the effect of any disputes, downgrades, deteriorating financial condition or default of the reinsurer.

3.16.5 **External confirmation.** The Auditing Actuary may coordinate with the auditor in respect of the external confirmation procedures applied under SA 505 *External Confirmations* to material reinsurance counterparties, including the confirmation of treaty terms, outstanding balances, recoveries and bordereau reconciliations.

3.16.6 **Indian-specific application.** The Auditing Actuary may have regard, where relevant, to:

(i) reinsurance with the Indian designated reinsurer;

(ii) reinsurance with foreign reinsurance branches operating in India;

(iii) reinsurance with cross-border reinsurers from outside India;

(iv) participation in industry pools governed under paragraph 3.13.5; and

(v) inter-company reinsurance within the insurance company's group structure.

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3.16.6A **Multi-year reinsurance contracts (XOL, surplus, multi-year proportional).** The Auditing Actuary may specifically evaluate the eligibility of multi-year reinsurance contracts held under the Premium Allocation Approach, for each and every cohort, in accordance with paragraph 3.10.2A, with the following additional considerations specific to reinsurance:

(i) **Combination of factors disqualifying paragraph 53(b) and engaging paragraph 54.** Multi-year reinsurance contracts (excess-of-loss, surplus, and multi-year proportional treaties) commonly exhibit duration exceeding the one-year safe harbour, significant variability in fulfilment cash flows arising from concentrated and low-frequency-high-severity claim patterns (particularly in respect of excess-of-loss treaties), reinstatement provisions, aggregate limits, profit commissions, sliding-scale arrangements, loss-participation features, material time-value-of-money effects, and embedded commutation and cancellation options. The combination of these factors collectively makes a paragraph 53(a) eligibility claim a high bar in respect of multi-year reinsurance contracts.

(ii) **Cedant-side adaptation under paragraphs 69 and 70A.** The Auditing Actuary may specifically evaluate the cedant-side adaptations applicable to reinsurance contracts held under paragraphs 69 and 70A of Ind AS 117 and how those adaptations interact with the Premium Allocation Approach where it is elected.

(iii) **Documentation.** The working papers may capture, for each material multi-year reinsurance contract held, the specific features of the contract bearing on Premium Allocation Approach eligibility (reinstatement, aggregate limits, profit commissions, sliding scales, loss participation, commutation, cancellation), the entity's eligibility analysis under paragraphs 53 and 54, and the Auditing Actuary's challenge of any paragraph 53(a) claim that appears strained.

3.17 Procedures on disclosure

3.17.1 **Disclosures within scope.** The disclosures within the scope of the Auditing Actuary's procedures under this paragraph 3.17 include the disclosures required by paragraphs 93 to 132 of Ind AS 117, namely:

(i) the explanation of recognised amounts (paragraphs 97 to 116), including reconciliations of insurance contract liabilities and assets, the reconciliation of the Contractual Service Margin and Insurance Revenue, and the disaggregation of Insurance Finance Income or Expense;

(ii) the explanation of significant judgements made in applying Ind AS 117 (paragraphs 117 to 120), including the methods, processes and assumptions used to measure insurance contracts and reinsurance contracts held; and

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(iii) the explanation of the nature and extent of risks arising from insurance contracts (paragraphs 121 to 132), including the disclosure of the confidence level corresponding to the Risk Adjustment, sensitivities to key risk variables, claims development tables and concentrations of risk.

3.17.2 **Coordination with the auditor on financial statement disclosure.** The Auditing Actuary may coordinate with the auditor in respect of the audit of disclosures under SA 330 *The Auditor's Responses to Assessed Risks* and the auditor's overall opinion on the financial statements under SA 700 *Forming an Opinion and Reporting on Financial Statements*. The Auditing Actuary's procedures on disclosure are intended to support the auditor's overall opinion and not to duplicate the auditor's own procedures on disclosure.

3.17.3 **Disclosure checklist.** The Auditing Actuary may apply a disclosure checklist substantially in the form set out in Appendix D, with such modifications as the circumstances of the engagement reasonably require, in order to ensure systematic coverage of the disclosures required by Ind AS 117.

3.17.4 **Indian-specific disclosure considerations.** The Auditing Actuary may have regard to the disclosure framework applicable under the IRDAI 2024 Regulations Schedule IIA, including in particular:

(i) the policyholders' fund and shareholders' fund segregation maintained under Section 11 of the Insurance Act, 1938 and the surplus distribution under Section 49 of the Insurance Act, 1938, supplemented by the IRDAI Master Circular on Actuarial, Finance and Investment Functions of Insurers, 2024, and the requirements of Schedule IIA of the IRDAI 2024 Regulations.

3.18 Professional scepticism in planning and performance

3.18.1 **Obligation of professional scepticism.** The Auditing Actuary may plan and perform the actuarial work with professional scepticism, recognising that circumstances may exist that cause the financial statements of the insurance company to be materially misstated, whether due to fraud or error.

3.18.2 **Scepticism throughout the engagement.** Professional scepticism may be exercised by the Auditing Actuary throughout the engagement, including during the acceptance of the engagement under paragraph 3.1, the determination of scope under paragraph 3.4, the performance of procedures on data, assumptions, methodology, models and measurement components of Ind AS 117, the performance of any independent recomputation, and the formation of conclusions and communications to the auditor.

3.18.3 **Challenge of the Person Responsible for Ind AS 117 Measurement's work.** In exercising professional scepticism, the Auditing Actuary may critically assess the work of the Person Responsible for Ind AS 117 Measurement and of the actuarial function of the insurance company. The Auditing Actuary may not accept the Person Responsible for Ind AS 117 Measurement's assumptions, methodology, models or conclusions at face value, and may consider whether credible alternatives exist and whether the Person Responsible for Ind AS 117 Measurement's selection among alternatives is reasonable. The Auditing Actuary may remain alert to indicators of management bias, including the indicators set out in SA 540 *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures* and in paragraph 3.6.8 of this IGN.

3.18.4 **Awareness of biases.** The Auditing Actuary may remain alert to the possibility that his or her own professional judgement may be affected by biases, including anchoring bias (undue reliance on the Person Responsible for Ind AS 117 Measurement's initial positions), automation bias (undue reliance on the output of actuarial systems), confirmation bias (undue attention to information that supports a pre-existing view), groupthink, and overconfidence bias. The Auditing Actuary may take such steps as are appropriate to mitigate the effect of such biases on his or her professional judgement.

3.18.5 **Constraints on professional scepticism.** Where the Auditing Actuary considers that constraints on time, resources, access or cooperation would materially impair the exercise of professional scepticism, the Auditing Actuary may communicate the constraints to the auditor under paragraph 3.23 (disagreement escalation) and may not permit the constraints to reduce the scepticism applied in the performance of the actuarial work.

3.18.6 **Evidence of professional scepticism.** The exercise of professional scepticism by the Auditing Actuary may be evident from the working papers prepared and retained by the Auditing Actuary, as required by paragraph 3.19.

3.19 Documentation of scepticism, work and conclusions

3.19.1 **Documentation obligation.** The Auditing Actuary may prepare and retain working papers that record, in sufficient detail, all of the following:

(i) the nature, timing and extent of the actuarial work performed; (ii) the data, assumptions, methodology and models used, and the sources relied upon; (iii) the significant matters identified during the engagement, the consideration given to them by the Auditing Actuary, and the conclusions reached; (iv) the exercise of professional judgement by the Auditing Actuary, including the alternatives considered, the factors weighed, and the reasons for the conclusions

reached; (v) the exercise of professional scepticism by the Auditing Actuary under paragraph 3.18, including specific challenges made, specific alternatives considered, and the specific actions taken to address indicators of bias or estimation uncertainty; (vi) any departure from a provision of this IGN framed using the word "should", the reason for the departure, and the manner in which the Auditing Actuary is satisfied that the departure is consistent with the purpose and intent of this IGN; (vii) any constraint, scope limitation or concern identified during the engagement and the manner in which it was addressed or escalated; and (viii) the communications between the Auditing Actuary and the auditor, the insurance company, the Appointed Actuary and any other relevant party.

3.19.2 **Sufficiency of documentation.** The working papers may contain sufficient detail to enable another actuary qualified in the same practice area, having no prior connection with the engagement, to understand the actuarial work performed, the judgements made by the Auditing Actuary, and the conclusions reached. Documentation that merely records that an action was taken, without recording the substance of the consideration given and the reasoning applied, is not sufficient for the purposes of this paragraph.

3.19.3 **Timeliness of documentation.** The Auditing Actuary may prepare the working papers on a timely basis, contemporaneously with the performance of the actuarial work so far as practicable. The working papers may be assembled into a final engagement file within sixty days of the date on which the auditor's report is issued.

3.19.4 **Ownership and retention.** The working papers prepared by the Auditing Actuary are the property of the Auditing Actuary or the actuarial firm through which the Auditing Actuary performs the engagement. The working papers may be retained for a period of not less than seven years from the date on which the auditor's report is issued, consistent with the retention requirement applicable to audit documentation under SA 230 and the Chartered Accountants Act, 1949. The Auditing Actuary may establish and follow arrangements for the confidentiality, integrity, retrievability, and appropriate access to the working papers during the retention period.

3.19.5 **Access by the auditor; access asymmetry vis-à-vis the insurance company.** The Auditing Actuary may provide the auditor with broad access to the working papers in connection with the audit, including challenge memos, professional-scepticism documentation, escalation drafts, and the Auditing Actuary's evaluation of management bias indicators. The insurance company has more restricted access to the working papers — typically the Auditing Actuary's report and supporting summaries; the insurance company does not have a right to inspect the Auditing Actuary's internal challenge memos, professional-scepticism

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documentation, or escalation drafts. The access provisions of this paragraph 3.19.5 are operationalised in the engagement letter referred to in paragraph 3.1.3, which should include the relevant essential elements set out in Annexure A, and are subject to applicable law.

3.19.6 **Access by regulators and the Institute.** The Auditing Actuary may provide access to the working papers to any regulator or professional body that is entitled by law or by professional requirement to such access, including, without limitation, the IRDAI under the Insurance Act, the Institute of Actuaries of India under the Actuaries Act, 2006 and its disciplinary procedures, and any court or tribunal requiring production of the working papers.

3.19.7 **Overarching documentation requirement.** Without prejudice to the documentation required by paragraphs 3.19.1 to 3.19.6, the Auditing Actuary may, for every procedure performed, every evaluation made, every alternative considered, every independent recomputation undertaken, every cross-purpose consistency review, every aggregate evaluation, every back-testing exercise, every sensitivity test and every subsequent event identified under this Section 3 and Section 4, document the procedures performed, the alternatives considered, the conclusions reached and the basis for those conclusions in the working papers. The Auditing Actuary may in particular document the matters arising under paragraphs 3.9.4 (cross-purpose assumption consistency review), 3.9.5 (aggregate assumption set evaluation), 3.9.6 (back-testing of prior-period assumptions), 3.9.7 (sensitivity testing), 3.20 (independent recomputation), 3.21 (subsequent events), 3.6.8 (Ind AS 117-specific fraud risks) and Section 4 (audit of Ind AS 117 transition).

3.20 Independent recomputation

3.20.1 **Obligation to consider independent recomputation.** The Auditing Actuary may consider, in respect of each significant risk identified under paragraph 3.6.5 and each material Ind AS 117 measurement components, whether to perform an independent recomputation, and if so, whether to develop an independent point estimate or an independent range. The consideration may reflect the practicability of independent recomputation in the circumstances of the engagement, the materiality of the matter, the level of estimation uncertainty, and the extent to which the procedures performed under paragraphs 3.6 to 3.17 have provided sufficient appropriate evidence in support of the Auditing Actuary's conclusions.

3.20.2 **Practical limitations on independent recomputation.** The Auditing Actuary may recognises that:

(i) independent recomputation may be practical for short-duration insurance contracts and certain measurement components such as the discount rate;

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(ii) independent recomputation of the entire Ind AS 117 measurement may be impractical for long-duration life insurance contracts, in which case the Auditing Actuary's primary procedures may be the procedures performed under paragraphs 3.6 to 3.17 in respect of the methodology, assumptions, models and data used by the Appointed Actuary; and

(iii) where independent recomputation is impractical for the entire measurement, the Auditing Actuary may nonetheless perform independent recomputation of selected components, sub-portfolios or transactions.

(iv) Notwithstanding any of the above provisions of this clause 3.20.2 (i)-(iii), methodology to be adopted and assessment of reasonableness shall be left to professional judgement of the Auditing Actuary

3.20.3 **Independent point estimate or range.** Where the Auditing Actuary develops an independent point estimate or an independent range, the Auditing Actuary may:

(i) determine the assumptions, methodology, models and data to be used in the independent recomputation, and document the basis for selecting them;

(ii) where the assumptions, methodology, models or data used by the Auditing Actuary differ from those used by the Person Responsible for Ind AS117 Measurement, document the reasons for the differences and the implications of those differences for the comparison of results;

(iii) compare the result of the independent recomputation with the corresponding measurement made by the Person Responsible for Ind AS117 Measurement;

(iv) evaluate any difference between the two measurements against the materiality threshold communicated by the auditor under paragraph 3.5.1; and

(v) communicate any material difference to the auditor and consider whether the difference requires escalation under paragraph 3.23.

3.20.4 **Models used in the independent recomputation.** In case a model is developed or used by the Auditing Actuary for the purpose of independent recomputation, it may satisfy the requirements of paragraph 3.11 (Procedures on models), with the Auditing Actuary acting in respect of his or her own model as both the developer and the user. In particular, the Auditing Actuary may ensure that:

(i) the model is fit for the purpose of independent recomputation; and

(ii) the model is documented and subject to controls in a manner consistent with paragraph 3.11.

3.21 Subsequent events

3.21.1 **Categories of subsequent events relevant to the actuarial work.** The Auditing Actuary may have regard, in particular, to the following categories of subsequent events:

(i) **Claims experience developments** — including the emergence of incurred but not reported claims, the settlement or revaluation of outstanding claims, and any change in claims litigation;

(ii) **Reinsurance counterparty events** — including the downgrade, financial distress, default, dispute or commutation of any material reinsurer;

(iii) **Regulatory and legislative changes** — including any change in the IRDAI 2024 Regulations, any IRDAI circular, any judicial decision affecting the measurement of insurance contracts, or any change in tax law;

(iv) **Market data movements** — including movements in yield curves, equity markets and credit spreads that may affect the measurement of insurance contracts at the reporting date;

(v) **Catastrophe events** — including any natural catastrophe, pandemic event or major industrial event that may give rise to insurance claims attributable to insurance contracts in force at the reporting date;

(vi) **Insurance company events** — including any merger, acquisition, scheme of arrangement, transfer of business under Section 35 of the Act, change in business strategy, or material restructuring; and

(vii) **Methodology and assumption events** — including any change in actuarial methodology or assumption that, although adopted after the reporting date, may indicate that the methodology or assumption applied at the reporting date was inappropriate.

3.21.2 **Adjusting and non-adjusting events.** The Auditing Actuary may evaluate, in conjunction with the auditor, whether each material subsequent event identified under paragraph 3.21.2 is an adjusting event or a non-adjusting event for the purposes of Indian Accounting Standard 10 *Events after the Reporting Period*. Where an event is an adjusting event, the Auditing Actuary may evaluate the consequent adjustment to the Ind AS 117 measurement. Where an event is a non-adjusting event, the Auditing Actuary may evaluate the adequacy of the disclosure of the event in the financial statements.

3.21.3 **Communication to the auditor.** The Auditing Actuary should communicate to the auditor any material subsequent event identified under paragraph 3.21.2, the Auditing Actuary's evaluation of the event, and any consequent adjustment or disclosure required.

3.22 Communications to the auditor

3.22.1 **Auditing Actuary's report to the auditor.** The Auditing Actuary should issue to the auditor a written report at the conclusion of the actuarial work. The report may, at a minimum, set out:

(i) the scope of the actuarial work performed, by reference to the engagement scope determined under paragraph 3.4;

(ii) the materiality threshold applied by the Auditing Actuary, as communicated by the auditor under paragraph 3.5.2;

(iii) the significant risks addressed by the actuarial work, as identified under paragraph 3.6.5;

(iv) the procedures performed by the Auditing Actuary, including the procedures performed under paragraphs 3.6 to 3.21 and, where applicable, Section 4;

(v) the data, assumptions, methodology and models on which the Auditing Actuary has relied, including the source of the data and the party who set the assumptions, methodology and models;

(vi) the results of any independent recomputation performed by the Auditing Actuary under paragraph 3.20;

(vii) the conclusions reached by the Auditing Actuary, including the conclusions on each significant risk and on each material Ind AS 117 measurement components within the scope of the actuarial work;

(viii) any concerns identified by the Auditing Actuary in respect of material deficiencies or limitations in the actuarial work, including any matter requiring escalation under paragraph 3.23;

(ix) reserve risk;

(x) the compliance attestation under paragraph 3.24; and

(x) the authorship of the report, including the name of the Auditing Actuary, the practicing firm, and the capacity in which the Auditing Actuary has acted.

The report should be substantially in the form set out in Appendix E, with such modifications as the circumstances of the engagement reasonably require.

3.22.2 **Reliance disclosures.** The Auditing Actuary's report may clearly state the nature and extent of any reliance placed by the Auditing Actuary on:

(i) data, opinions, analyses or other information prepared by the Appointed Actuary, the actuarial function of the insurance company, the insurance company's management, or any other party;

(ii) the Independent Validation report obtained under Schedule IIA of the IRDAI 2024 Regulations, where applicable;

(iii) market data obtained from external data vendors;

(iv) reinsurance counterparty information; and

(v) any work performed by another auditor's expert engaged by the auditor in connection with the audit.

For each item of reliance disclosed, the Auditing Actuary may state whether the Auditing Actuary takes responsibility for the matter relied upon or disclaims responsibility, and the steps taken by the Auditing Actuary, if any, to evaluate the appropriateness of the reliance.

3.22.3 **Form of conclusions.** The conclusions of the Auditing Actuary in the report should be expressed in a form that is clear and unambiguous to the auditor. The Auditing Actuary may express conclusions as:

(i) **clean conclusions** — where the Auditing Actuary has obtained sufficient appropriate evidence in support of the matter and is able to conclude without qualification;

(ii) **modified conclusions** — where the Auditing Actuary's conclusion is qualified by reference to specified caveats, limitations or matters of judgement; and

(iii) **inability to conclude** — where the Auditing Actuary is unable to obtain sufficient appropriate evidence in support of the matter, or where a scope limitation or other constraint precludes a conclusion.

3.22.4 **Communications other than the report.** In addition to the report under paragraph 3.22.2, the Auditing Actuary may communicate to the auditor on a timely basis any matter arising during the course of the engagement that, in the Auditing Actuary's professional judgement, requires the auditor's attention before the conclusion of the engagement, including:

(i) any matter requiring escalation under paragraph 3.23;

(ii) any indicator of fraud risk identified under paragraph 3.6.8;

(iii) any indicator of management bias identified under paragraph 3.18.3;

(iv) any material subsequent event identified under paragraph 3.21; and

(v) any matter that, although not directly within the scope of the actuarial work, comes to the Auditing Actuary's attention and is, in the Auditing Actuary's professional judgement, relevant to the auditor's opinion on the financial statements.

3.22.5 **Communications timing.** The Auditing Actuary may align the timing of communications to the auditor with the auditor's audit timeline, so that material findings are communicated in sufficient time to permit the auditor to perform any necessary further procedures and to issue the auditor's report on the date contemplated by the engagement.

3.22.6 **Communications with parties other than the auditor.** The Auditing Actuary may not communicate the conclusions of the actuarial work, or any matter material to the actuarial work, to any party other than the auditor and the insurance company, except as required by law, by regulation, by professional obligation, or by the engagement letter referred to in paragraph 3.1.3. Any communication with the audit committee, with the IRDAI, with the Institute of Actuaries of India, or with any court or tribunal may be made in accordance with the engagement letter, the relevant statutory or regulatory framework, and the escalation pathway under paragraph 3.23.

3.23 Disagreement escalation pathway

3.23.1 **Step 1 — engagement-level resolution.** The Auditing Actuary may first raise the matter with the Appointed Actuary or the actuarial function of the insurance company (as applicable) and with the engagement-level audit team, and may seek to resolve the matter through professional discussion, the provision of further evidence, the performance of further procedures, or the modification of the matter under disagreement.

3.23.2 **Step 2 — engagement partner and Person responsible for IndAS 117 measurement.** Where the matter is not resolved at Step 1, the Auditing Actuary may escalate the matter to the engagement partner of the auditor and to the Person responsible for IndAS 117 within the insurance company or to the Appointed Actuary in his or her senior capacity. At this Step, the Auditing Actuary may also consider whether the matter requires consultation within the actuarial firm through which the Auditing Actuary performs the engagement.

3.23.3 **Step 3 — Engagement Quality Reviewer and audit committee.** Where the matter is not resolved at Step 2, the Auditing Actuary may, in consultation with the engagement partner, ensure that the matter is brought to the attention of the Engagement Quality Reviewer (where one is appointed for the engagement under SA 220) and to the audit committee of the insurance company.

3.23.4 **Step 4 — Board of Directors / Those Charged with Governance.** Where the matter is not resolved at Step 3, the Auditing Actuary may escalate the matter, in writing and through the auditor, to the board of directors of the insurance company (or to those charged with governance, where the board has delegated the matter to a sub-committee). This step may be completed before any further escalation to the IRDAI or the Institute of Actuaries of India is initiated under Step 5.

3.23.5 **Step 5 — escalation to regulatory and professional bodies.** Where the matter remains unresolved after Step 4 and, in the professional judgement of the Auditing Actuary, the matter

is of such significance that escalation to a regulatory or professional body is necessary in the public interest, the Auditing Actuary may consider escalation to:

(i) the IRDAI, where the matter relates to a failure of the insurance company to comply with the Insurance Act or the IRDAI 2024 Regulations, or where the matter materially threatens the solvency of the insurance company; the escalation should ordinarily be made through the auditor and is consistent with the auditor's obligations under Section 143 of the Companies Act, 2013 and the IRDAI audit-related regulatory framework;

(ii) the Institute of Actuaries of India, where the matter relates to a failure of the Appointed Actuary or any other actuary to comply with the Professional Conduct Standards or any Actuarial Practice Standard of the Institute of Actuaries of India; and

3.23.6 **Override of confidentiality restrictions.** Where, in the professional judgement of the Auditing Actuary, escalation under Step 5 is necessary in the public interest, the Auditing Actuary may do so with due regards to the appropriate professional standards of the Institute of Actuaries of India in regard to treatment of confidential matters, and to the extent of the conflict and only to the extent necessary for the escalation.

3.23.7 **Conduct during escalation.** Throughout the escalation pathway, the Auditing Actuary may:

(i) act with professionalism, objectivity and respect for the parties involved;

(ii) document each Step of the escalation, the parties involved, the matter under escalation, the responses received, and the basis for proceeding to the next Step;

(iii) seek resolution through professional discussion and the provision of further evidence at each Step before proceeding to the next Step;

(iv) consider whether continued performance of the actuarial work is consistent with the Auditing Actuary's professional obligations and, where it is not, consider withdrawing from the engagement subject to applicable notice and handover requirements; and

(v) preserve the confidentiality of the matter to the extent consistent with the escalation under paragraph 3.23.6 and the override under paragraph 3.23.7.

3.23.8 **Withdrawal from engagement.** Where the matter under disagreement is of such significance that the Auditing Actuary, in his or her professional judgement, cannot continue to perform the actuarial work in accordance with this IGN without compromising professional standards or the public interest, the Auditing Actuary may consider withdrawing from the engagement. The Auditing Actuary may communicate the decision to withdraw to the auditor, to the insurance company, and to such regulatory or professional bodies as are appropriate under paragraph 3.23.5.

3.23.9 **Escalation flowchart.** A summary of the escalation pathway under this paragraph 3.23 is set out in Appendix F.

3.24 Compliance attestation in report

3.24.1 **Attestation in written report.** The Auditing Actuary may confirm in writing, in every report issued by the Auditing Actuary to the auditor in respect of actuarial work within the scope of this IGN, that the actuarial work has been performed in accordance with this IGN.

3.24.2 **Non-compliance disclosure.** If the Auditing Actuary is not in a position to confirm full compliance with this IGN, the Auditing Actuary may set out in the report, at a minimum:
(i) the nature of each provision of this IGN with which compliance cannot be confirmed; (ii) the reasons for the non-compliance or inability to confirm compliance; and (iii) the effect, so far as the Auditing Actuary is able to determine, of the non-compliance or inability to confirm compliance on the actuarial work and on the conclusions reached by the Auditing Actuary.

3.24.3 **Form of attestation.** The attestation referred to in paragraph 3.24.1 may be a distinct statement in the report and may identify this IGN expressly. An illustrative form of attestation is set out in Appendix E.

3.24.4 **Annual compliance report to the Institute.** The Auditing Actuary may, within such time and in such form as the Institute of Actuaries of India prescribes, submit to the Institute of Actuaries of India a compliance report in respect of each engagement performed within the scope of this IGN. The compliance report is administrative in nature and is not a substitute for the attestation in the report under paragraph 3.24.1.

3.24.5 **Retention of evidence of compliance.** The Auditing Actuary may retain, as part of the working papers, evidence adequate to demonstrate compliance with each provision of this IGN in respect of the engagement. The evidence may be available to the auditor in connection with the audit, and to the Institute of Actuaries of India on request.

Section 4 — Audit of Ind AS 117 Transition

The provisions of Section 4 apply only in respect of the audit of the financial reporting period in which Ind AS 117 is first applied by the insurance company, and in respect of any later financial reporting period to the limited extent that residual transition matters continue to require attention. The provisions of Section 4 are in addition to, and do not displace, the provisions of paragraphs 3.1 to 3.24 of this IGN.

For the avoidance of doubt: the term **"Section 4"** in this IGN refers to the audit by the Auditing Actuary of the insurance company's transition to Ind AS 117 under Appendix C of Ind AS 117.

It is distinct from any transitional provisions governing the application of this IGN itself, which (if any) are set out in Section 1.

4.1 Scope of the transition audit

4.1.1 **Application.** This Section 4 applies to actuarial work performed in support of the audit of the financial statements of an insurance company for:

(i) the financial reporting period in which Ind AS 117 is first applied by the insurance company (the "first-application period"); and

(ii) any later financial reporting period in respect of which residual transition matters under Section 4.13 continue to apply.

4.1.2 **Transition date.** The Auditing Actuary may verify the determination of the transition date by the insurance company, being the beginning of the annual reporting period immediately preceding the date of initial application of Ind AS 117 by the insurance company.

4.2 Evaluation of transition approach selection

4.2.1 **Hierarchy of approaches.** The Auditing Actuary may evaluate the determination by the insurance company of the transition approach applied to each group of insurance contracts, having regard to the hierarchy under paragraph C6 of Ind AS 117 — namely that the Full Retrospective Approach may be applied unless impracticable, and that the Modified Retrospective Approach or the Fair Value Approach may be applied only where the Full Retrospective Approach is impracticable.

4.2.2 **Impracticability assessment.** Where the insurance company has determined that the Full Retrospective Approach is impracticable in respect of any group of insurance contracts, the Auditing Actuary may evaluate the basis of that determination under paragraphs C5A and C5B of Ind AS 117, including:

(i) the steps taken by the insurance company to obtain the historical data and information necessary for the Full Retrospective Approach;

(ii) the basis on which the insurance company has concluded that the historical data and information are not reasonably available; and

(iii) the consistency of the impracticability determination across groups of insurance contracts and across portfolios.

4.2.3 **Group-level selection.** The Auditing Actuary may verify that the transition approach has been selected at the level of each group of insurance contracts, recognising that different

transition approaches may apply to different groups of insurance contracts within the same insurance company.

4.2.4 **Approach-selection bias.** The Auditing Actuary may evaluate whether the selection of the transition approach for any group of insurance contracts has been driven by an objective evaluation of practicability, or by the effect of the approach on the Contractual Service Margin or on the Insurance Revenue to be recognised in subsequent periods. Approach-selection bias is a fraud risk indicator under paragraph 3.6.8.2(vii).

4.3 Procedures on the Full Retrospective Approach

4.3.1 **Obligation reference.** The procedures of this paragraph 4.3 are performed pursuant to the general obligation set out in paragraph 3.0.

4.3.2 **Procedures.** The Auditing Actuary may evaluate:

(i) the historical data and assumptions used by the insurance company to apply the Full Retrospective Approach as if Ind AS 117 had always applied;

(ii) the use of historical discount rates appropriate to the conditions existing at the inception of each group of insurance contracts;

(iii) the application of historical experience adjustments since the inception of each group;

(iv) the accretion of the Contractual Service Margin since the inception of each group;

(v) the derecognition of pre-existing balances under the earlier financial reporting framework at the transition date;

(vi) the application of any provisions of Indian Accounting Standard 8 referred to in paragraph C5 of Ind AS 117; and

(vii) the basis on which the insurance company has concluded that the application of the Full Retrospective Approach was not impracticable.

4.4 Procedures on the Modified Retrospective Approach

4.4.1 **Obligation reference.** The procedures of this paragraph 4.4 are performed pursuant to the general obligation set out in paragraph 3.0.

4.4.2 **Objective of the Modified Retrospective Approach.** The Auditing Actuary may evaluate the manner in which the insurance company has sought to achieve, under paragraph C6 of Ind AS 117, the closest possible outcome to the Full Retrospective Approach using reasonable and supportable information available without undue cost or effort.

4.4.3 **Use of hindsight.** The Auditing Actuary may evaluate the use of hindsight by the insurance company in applying the Modified Retrospective Approach, having regard to the

requirement of paragraph C7 of Ind AS 117 that hindsight be used only to the extent that information necessary to apply the Full Retrospective Approach is not reasonably available.

4.4.4 **Modifications.** For each modification permitted under paragraph C8 of Ind AS 117 that has been applied by the insurance company, the Auditing Actuary may evaluate:

(i) the eligibility of the insurance company to apply the modification;

(ii) the application of the modification in accordance with the relevant provisions of paragraphs C9 to C19A of Ind AS 117 (including, in particular, the provisions relating to assessments at inception or initial recognition (paragraphs C9 to C9B), the determination of the Contractual Service Margin at the transition date for groups without direct participation features (paragraphs C11 to C13), the determination of the Contractual Service Margin at the transition date for groups with direct participation features (paragraphs C14 to C16A), and Insurance Finance Income or Expense (paragraphs C17 to C19A));

(iii) the documentation by the insurance company of the rationale for applying the modification;

(iv) the consistency of the application of the modification across groups of insurance contracts and across portfolios; and

(v) the conclusions reached by the insurance company regarding the reasonableness and supportability of the information used and the absence of undue cost or effort in obtaining alternative information.

4.4.5 **Indian-specific considerations.** Where the insurance company carries on participating insurance business and applies the Modified Retrospective Approach, the Auditing Actuary may have particular regard to the application of the modifications to such business in light of Section 49 of the Act and the surplus distribution arrangements applicable to participating insurance contracts.

4.5 Procedures on the Fair Value Approach

4.5.1 **Obligation reference.** The procedures of this paragraph 4.5 are performed pursuant to the general obligation set out in paragraph 3.0.

4.5.2 **Determination of fair value.** The Auditing Actuary may evaluate the determination of the fair value of the group of insurance contracts at the transition date, having regard to:

(i) the application of Indian Accounting Standard 113 *Fair Value Measurement*;

(ii) the use of market participant assumptions and the perspective of a market participant in determining fair value;

(iii) the inputs used in determining fair value, including the categorisation of those inputs into the fair value hierarchy under Indian Accounting Standard 113; and

(iv) the relationship between the fair value so determined and the fulfilment cash flows at the transition date for the purpose of determining the Contractual Service Margin.

4.5.3 **Aggregation of groups.** The Auditing Actuary may evaluate any aggregation of groups of insurance contracts under paragraph C21 of Ind AS 117 and the consistency of any such aggregation with the requirements of paragraphs C20 and C22 of Ind AS 117.

4.5.4 **Discount rates at the transition date.** The Auditing Actuary may evaluate the determination of the discount rates at the transition date under paragraph C22 of Ind AS 117 and the application of the option, where elected, in respect of Insurance Finance Income or Expense.

4.5.5 **Reasonable and supportable information.** The Auditing Actuary may evaluate the use of reasonable and supportable information available at the transition date, distinguishing this standard from the "without undue cost or effort" standard applied under the Modified Retrospective Approach.

4.6 Procedures on the opening balance sheet at the transition date

4.6.1 **Obligation reference.** The procedures of this paragraph 4.6 are performed pursuant to the general obligation set out in paragraph 3.0.

4.6.2 **Reconciliation to the earlier framework (transition only).** The Auditing Actuary may evaluate the reconciliation between the carrying amount of insurance contract liabilities, reinsurance contract assets and reinsurance contract liabilities under the earlier financial reporting framework and the corresponding carrying amounts under Ind AS 117 at the transition date. The reconciliation procedure under this paragraph 4.6.2 read with paragraph 4.11 is a transition-only procedure and does not establish or maintain a continuing reconciliation between Ind AS 117 financial-statement amounts and prudential return amounts in business-as-usual financial reporting periods after the transition is complete. The reconciliation may:

(i) identify each item that differs between the two frameworks;

(ii) explain the basis of the difference, by reference to the requirements of Ind AS 117 and the corresponding requirements of the earlier framework;

(iii) reflect the consequent adjustment to opening retained earnings, opening other comprehensive income, or other components of equity, as the case may be; and

(iv) be consistent with the disclosures required by paragraphs 114 to 116 of Ind AS 117.

4.6.3 **Restated comparative information.** The Auditing Actuary may verify that the comparative information for the financial reporting period immediately preceding the date of initial application has been restated under paragraph C25 of Ind AS 117 and that the restatement is consistent with the opening balance sheet at the transition date.

4.7 Procedures on Insurance Finance Income or Expense disaggregation

4.7.1 **Obligation reference.** The procedures of this paragraph 4.7 are performed pursuant to the general obligation set out in paragraph 3.0.

4.7.2 **Procedures.** The Auditing Actuary may evaluate:

(i) the consistency of the election to disaggregate Insurance Finance Income or Expense across groups of insurance contracts within a portfolio;

(ii) the use of the locked-in discount rates for the systematic allocation of total expected Insurance Finance Income or Expense to profit or loss over the duration of the group;

(iii) the calculation of the cumulative amount included in other comprehensive income at the transition date, separately for each transition approach applied; and

(iv) the consistency of the cumulative amount calculation with the disclosures required by paragraph 116 of Ind AS 117.

4.8 Transition disclosure procedures

4.8.1 **Obligation reference.** The procedures of this paragraph 4.8 are performed pursuant to the general obligation set out in paragraph 3.0.

4.8.2 **Bifurcated reconciliation.** The Auditing Actuary may verify that the reconciliation of the Contractual Service Margin and the reconciliation of Insurance Revenue, as required by paragraph 114 of Ind AS 117, have been disclosed separately for:

(i) insurance contracts that existed at the transition date to which the insurance company has applied the Modified Retrospective Approach;

(ii) insurance contracts that existed at the transition date to which the insurance company has applied the Fair Value Approach; and

(iii) all other insurance contracts.

4.8.3 **Methods, judgements and assumptions disclosure.** The Auditing Actuary may verify that the disclosure under paragraph 115 of Ind AS 117 of the methods used and the judgements applied in determining the transition amounts are sufficient to enable users of the financial statements to understand the nature and significance of those methods and judgements.

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4.8.4 **Cumulative other comprehensive income reconciliation.** Where the insurance company has elected the OCI disaggregation option for Insurance Finance Income or Expense under Ind AS 117 paragraph 88, the Auditing Actuary may obtain and verify a reconciliation of the cumulative balance in other comprehensive income at transition. The reconciliation may show, for each material group of insurance contracts, the cumulative difference between (a) the locked-in discount rate used for the profit or loss allocation, and (b) the current discount rate used for the balance-sheet measurement. The Auditing Actuary may verify the consistency of this reconciliation with the related disclosures required by Ind AS 117 paragraphs 110 to 113 and 116.

4.9 Independent Validation under Schedule IIA of the IRDAI 2024 Regulations

4.9.1 **Obligation reference.** The procedures of this paragraph 4.9 are performed pursuant to the general obligation set out in paragraph 3.0.

4.9.1A **Joint Expert Group framework.** The scope and manner of the Independent Validation, and any specific procedures or methodology applicable to it, may be specified by the IRDAI in consultation with the Joint Expert Group on Ind AS, in accordance with paragraph 8.1 of the IRDAI Circular on Clarifications on Implementation of Ind AS dated 1 April 2026. The Auditing Actuary may consider any such specification published by the IRDAI or by the Joint Expert Group before the audit date in evaluating the Independent Validator's work.

4.9.2 **Distinction from the Auditing Actuary's role.** The Independent Validation under Schedule IIA of the IRDAI 2024 Regulations is a regulatory requirement imposed on the insurance company and is performed by an Independent Validator engaged by the insurance company. It is distinct from, and does not replace, the actuarial work performed by the Auditing Actuary in support of the audit. The Auditing Actuary may not assume that the performance of the Independent Validation discharges any procedure required of the Auditing Actuary under this IGN.

4.9.3 **Coordination with the Independent Validator.** The Auditing Actuary may coordinate with the Independent Validator in respect of the planning of the procedures performed by each, the avoidance of unnecessary duplication of effort, and the sharing of information consistent with applicable confidentiality obligations. Such coordination may not compromise the independence of the Auditing Actuary or the conclusions reached by the Auditing Actuary.

4.9.4 **Forbearance.** Where the insurance company has applied for or obtained any forbearance from the IRDAI in respect of the implementation of Ind AS 117 the Auditing Actuary may

evaluate whether the forbearance affects the scope or the conclusions of the actuarial work, and may communicate any such effect to the auditor.

4.9.4A **Forbearance-period Independent Actuary certification.** Where forbearance has been granted under any IRDAI circular on the implementation of Ind AS, the financial statements during the forbearance period continue to be prepared on the basis specified in the forbearance order. However, the transition may be audited fully as given in this Guidance Note when forbearance lifts. Where forbearance has been granted paragraph 4.5 of that Circular requires that the Financial Information (Schedule IIA Ind AS Proforma) prepared during the forbearance period be subject to limited review under the ICAI Standards on Review Engagements and to certification from an Independent Actuary. The Independent Actuary certification in respect of forbearance-period Financial Information, does not give rise to a self-review threat or any other threat to independence in respect of the audit of the financial statements prepared on the Schedule II basis. The Auditing Actuary may consider the certification work product of such Independent Actuary as audit evidence in the actuarial work performed in respect of subsequent financial reporting periods. Quarterly limited review during the forbearance period is outside the scope of this IGN

4.10 First-year information technology systems control evaluation

4.10.1 **Obligation reference.** The procedures of this paragraph 4.10 are performed pursuant to the general obligation set out in paragraph 3.0. Due reference may be made to IRDAI circular Ref: IRDAI/IFRS/CIR/MISC/94/7/2026 dated July 14, 2026 and any subsequent iterations or modifications of the same in this regard

4.10.2 **One-time matters.** The Auditing Actuary may consider:

(i) the pre-go-live evaluation of controls over the actuarial systems implemented for Ind AS 117;

(ii) the parallel-run testing performed by the insurance company between the earlier framework and Ind AS 117;

(iii) the user acceptance testing performed by the insurance company in respect of the actuarial systems;

(iv) the data migration from the earlier framework to Ind AS 117, including the validation of migrated data;

(v) the cut-over from the earlier framework to Ind AS 117; and

(vi) any post-go-live stabilisation period and the controls applied during that period.

4.10.3 **Recurring information technology matters.** The recurring evaluation of information technology general controls and information technology application controls over the actuarial systems is the domain of the auditor's information technology specialist. The provisions of Appendix C specifically exclude information technology specifics from the inspection programme of the Auditing Actuary, in recognition of this allocation of responsibilities.

4.11 Audit-evidence reconciliation between the Ind AS 117 opening balance and the prior measurement under the earlier financial reporting framework (transition only)

4.11.1 **Obligation reference.** The procedures of this paragraph 4.11 are performed pursuant to the general obligation set out in paragraph 3.0.

4.11.2 **Reconciliation methodology.** The Auditing Actuary may evaluate the methodology applied by the insurance company in reconciling the differences arising from the differing measurement bases, namely the unbiased best estimate plus explicit Risk Adjustment for non-financial risk under Ind AS 117 and the prudential margins applied under the earlier financial reporting framework.

4.11.3 **Parallel reporting in the transition period.** Where the IRDAI 2024 Regulations require parallel reporting in the transition period (the Ind AS 117 financial information being prepared in parallel to the financial information prepared under the earlier financial reporting framework), the Auditing Actuary may evaluate the consistency of the underlying actuarial work supporting both reporting bases and the explanation of any reconciling items.

4.12 Comparative information presentation

4.12.1 **Obligation reference.** The procedures of this paragraph 4.12 are performed pursuant to the general obligation set out in paragraph 3.0.

4.12.2 **Scope of restatement.** The Auditing Actuary may verify that the restated comparative information covers the financial reporting period immediately preceding the date of initial application of Ind AS 117 by the insurance company. Where the insurance company has voluntarily restated earlier comparative periods under paragraph C26 of Ind AS 117, the Auditing Actuary may verify the consistency of those earlier restated periods with the restated comparative period.

4.12.3 **Indian audit practice — comparative-period coverage.** The Auditing Actuary's procedures may cover both the current and the immediately preceding comparative reporting period in respect of all material Ind AS 117 measurements. The Auditing Actuary's report should distinguish, where relevant, between current-period and comparative-period findings,

and the Auditing Actuary may coordinate with the auditor on the form of the auditor's report consistent with the Standards on Auditing as applicable.

4.13 Subsequent-year residual transition matters

4.13.1 **Continuing application.** Although the provisions of this Section 4 are largely one-time and apply principally to the first-application period, certain residual transition matters continue to require the attention of the Auditing Actuary in subsequent financial reporting periods, namely:

(i) the continuing reconciliation of the Contractual Service Margin and Insurance Revenue separately for groups of insurance contracts measured at the transition date under the Modified Retrospective Approach, the Fair Value Approach, and all other contracts, as required by paragraph 114 of Ind AS 117;

(ii) the continuing reconciliation of the cumulative amounts in other comprehensive income, as required by paragraph 116 of Ind AS 117, where the disaggregation of Insurance Finance Income or Expense has been elected; and

(iii) the addition of new insurance contracts, if any, to groups of insurance contracts established at the transition date, having regard to the restrictions arising from the disclosure requirements of paragraphs 114 to 116 of Ind AS 117.

4.13.2 **Procedures in subsequent periods.** In each subsequent financial reporting period in which any residual transition matter under paragraph 4.13.1 continues to apply, the Auditing Actuary may perform such procedures as are necessary to obtain reasonable assurance that the residual transition matter has been correctly addressed by the insurance company.

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Appendix A — Essential Elements in the Engagement Letter

The Engagement letter that the Auditing Actuary signs should capture the following elements:

1. **Scope.** The scope of the actuarial work should include, at a minimum: (i) the groups of insurance contracts, portfolios of insurance contracts, and reinsurance contracts held that are within the scope of the actuarial work; (ii) the significant risks, as communicated by the auditor, that are to be addressed by the actuarial work; (iii) the Ind AS 117 measurement components in respect of which actuarial work is to be performed; (iv) the transition-related matters within the scope of Section 4 of this IGN, where the engagement relates to the financial reporting period in which Ind AS 117 is first applied; (v) the disclosure requirements under Ind AS 117 within the scope of the actuarial work; (vi) the time budget allocated to the engagement; (vii) the matters expressly outside the scope of the actuarial work.
2. **Roles and responsibilities.** (a) The role of the **Company** is to provide complete information, data, documents, systems, models, personnel and records as the Auditing Actuary reasonably requires. (b) The Auditor communicates materiality to the Auditing Actuary in accordance with paragraph 3.5 of this IGN and receives the Auditing Actuary's report and other communications in accordance with paragraph 3.22 of this IGN. (c) The **Auditing Actuary** performs the actuarial work in accordance with this IGN, communicates with the Company and the Auditor in accordance with this IGN, and reports to the Auditor.
3. **Working-paper access asymmetry.** The Auditor has broad access to the working papers of the Auditing Actuary in connection with the audit, including challenge memos, professional-scepticism documentation, escalation drafts, and the Auditing Actuary's evaluation of management bias indicators. The Auditor and Auditing Actuary mutually decide to share their working papers/reports with the company.
4. **Communications and reporting.** The Auditing Actuary will communicate with the Auditor in accordance with paragraph 3.22 of this IGN and will issue a report to the auditor substantially in the form set out in Appendix E to this IGN at the conclusion of the actuarial work. The Auditing Actuary will also communicate with the Company on matters arising during the engagement that require the Company's attention.

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Appendix B — Group Audit Procedures

B2.1 Component-level actuarial materiality

The Auditing Actuary should obtain from the auditor the component-level materiality applicable to insurance contract liabilities and reinsurance contract assets and liabilities for each material component of the insurance group, and apply that component-level materiality in performing the actuarial work in respect of each component.

B2.2 Central Ind AS 117 assumption-consistency review

The Auditing Actuary should perform a central review of the consistency of material Ind AS 117 assumptions across the components of the insurance group, having particular regard to: (i) consistency of mortality, longevity, morbidity, persistency, expense and other non-financial assumptions across components carrying on the same class of insurance business; (ii) consistency of discount rate methodology across components; (iii) consistency of Risk Adjustment methodology across components; (iv) consistency of coverage unit definition across components for similar groups of insurance contracts; and (v) any inconsistencies arising from the application of differing transition approaches across components in the first-application period.

B2.3 Contractual Service Margin and Risk Adjustment elimination on consolidation

The Auditing Actuary should evaluate the elimination on consolidation, where applicable, of the Contractual Service Margin and the Risk Adjustment in respect of intra-group reinsurance contracts and other intra-group insurance arrangements.

B2.4 Cross-jurisdictional aggregation reconciliation

Where the insurance group includes overseas operations consolidated into the financial statements prepared under Ind AS 117 in India, the Auditing Actuary should evaluate the reconciliation of the financial reporting framework applied at each overseas operation to the framework applied for consolidation in India. The Auditing Actuary should have particular regard to any differences arising from the application of optional exemptions or modifications to the equivalent of Ind AS 117 in the overseas jurisdiction (including, in particular, any optional exemption from the annual cohort requirement under jurisdiction specific modification of International Financial Reporting Standard 17) that are not available under Ind AS 117. It may be desirable that consolidation may be performed in manner consistent with those under Ind AS 117

B2.5 Component auditor and component auditing actuary instructions

The Auditing Actuary should, in coordination with the auditor, issue instructions to the component auditor and the component auditing actuary (if separately appointed) at each material component of the insurance group, and should evaluate the responses received against the requirements of this IGN.

B2.6 Group-level documentation

The procedures performed under this Appendix B should be documented as part of the working papers, with separate evidence trails for each material component and for the central reviews performed at group level.

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Appendix C — Inspection Programme on Data, Assumptions, Computation and Reporting Controls

This Appendix sets out an illustrative inspection programme that the Auditing Actuary may apply to evaluate the controls of the insurance company over data, assumptions, computation and reporting in respect of the Ind AS 117 measurement. The Appendix expressly excludes information technology general controls and information technology application controls, which are the responsibility of the auditor's information technology specialist engaged separately under SA 620, as recognised by paragraph 4.10.3 of this IGN. Allocation of content between this Appendix C and the body of the Guidance Note. This Appendix C addresses the Auditing Actuary's evaluation of the insurance company's management's controls (the "controls evaluation"). The Auditing Actuary's own substantive procedures (the "procedures") are set out in the body of this Guidance Note, in particular paragraphs 3.8 (data), 3.9 (assumptions), 3.10 (methodology), 3.11 (models), 3.12 to 3.17 (Ind AS 117 measurement components and disclosure), and 3.20 (independent recomputation). The two layers are conceptually distinct: the body specifies what the Auditing Actuary does; this Appendix C specifies what the Auditing Actuary evaluates in the form of the entity's own controls. Where references in the body of this Guidance Note overlap with provisions of this Appendix C, the body provision governs in respect of the Auditing Actuary's own procedures and this Appendix C governs in respect of the entity's controls evaluation.

C3.1 Data controls

The Auditing Actuary should evaluate the controls of the insurance company over data, including: (i) extraction of data from policy administration systems, claims systems, reinsurance systems, investment systems, expense systems and other source systems; (ii) reconciliation of data extracted to source-system records, the general ledger, and IRDAI returns; (iii) cut-off controls applied at each reporting date; (iv) completeness controls, including identification of policies, claims and other items that may have been omitted from the data; (v) accuracy controls, including detection and correction of erroneous data items; and (vi) approval controls over data adjustments and exception items. Auditing Actuary may put reliance on the work of the Auditor or the Auditor’s Expert and need not duplicate the effort in case the same evidence is obtained by the Auditor or Auditor’s Expert.

C3.2 Assumption controls

The Auditing Actuary should evaluate the controls of the insurance company over assumptions, including: (i) governance of the assumption-setting process, including the parties responsible for proposing, reviewing and approving assumptions; (ii) the periodic back-testing of prior-period assumptions against actual experience, consistent with paragraph 3.9.6 of this IGN; (iii) the periodic sensitivity testing of material assumptions, consistent with paragraph 3.9.7 of this IGN; (iv) the documentation of assumption derivation, alternatives considered and the basis of selection; and (v) approval controls over changes in assumptions between reporting periods.

C3.3 Computation controls

The Auditing Actuary should evaluate the controls of the insurance company over the computation of insurance contract liabilities and reinsurance contract assets and liabilities, including: (i) calculation accuracy controls applied to the actuarial models; (ii) reconciliation of components of the measurement (Fulfilment Cash Flows, Risk Adjustment, Contractual Service Margin, Liability for Remaining Coverage, Liability for Incurred Claims) to ensure internal consistency; (iii) reasonableness checks applied to the computation outputs, including comparison to prior-period outputs and to expected ranges; and (iv) approval controls over the computation outputs before they are used in the financial statements.

C3.4 Reporting controls

The Auditing Actuary should evaluate the controls of the insurance company over the reporting of Ind AS 117 measurement in the financial statements, including: (i) the generation of output reports from the actuarial systems for use in the financial statements; (ii) reconciliation of the output reports to the general ledger postings; (iii) preparation of the disclosures required by Ind AS 117 in accordance with the procedures under paragraph 3.17 of this IGN; (iv) review and approval of the financial statement extracts arising from the actuarial work; and (v) controls over the issue of management representation letters in respect of actuarial matters, consistent with paragraph 5.8 of this IGN.

C3.5 Coordination with the auditor's information technology specialist

For the avoidance of doubt, the inspection programme set out in this Appendix C expressly excludes: (i) the evaluation of information technology general controls (general controls over the information technology environment in which the actuarial systems operate); (ii) the evaluation of information technology application controls (controls embedded within the

actuarial systems themselves); and (iii) the evaluation of automated tools and techniques used by the auditor.

These information technology matters are the responsibility of the auditor's information technology specialist engaged separately under SA 620. The Auditing Actuary should coordinate with the auditor's information technology specialist in accordance with paragraph 3.11.7 of this IGN.

Unit no. F-206, 2nd Floor, 'F' Wing in Tower 2, 'Seawoods Grand Central',
Plot no R-1, Sector 40, Seawoods, Navi Mumbai - 400 706

Appendix D — Disclosure Checklist for Ind AS 117

The full text of this Disclosure Checklist is given after the summary. A four-section skeleton, set out below, indicates the coverage expected.

Section D.1 — Explanation of recognised amounts (Ind AS 117 paragraphs 97 to 105)

Key items: reconciliations of insurance contract assets and liabilities by measurement component (LRC; LIC; CSM; RA); presentation of Insurance Revenue and Insurance Service Expenses; presentation of Insurance Finance Income or Expense (and any OCI disaggregation per paragraph 88 election); roll-forwards by remaining coverage / incurred claims; effect of new contracts and onerous-group identifications during the period.

Section D.2 — Significant judgements (Ind AS 117 paragraphs 117 to 120)

Key items: methods used to measure insurance contracts (GMM / PAA / VFA selection rationale); processes used to estimate cash-flow inputs; approach to determining the discount rate (with cross-reference to §3.14 of this IGN and the CCIL Zero-Coupon Yield Curve); approach to determining the Risk Adjustment for non-financial risk and the confidence level corresponding to the outcome; coverage units determination (with cross-reference to §3.12.5 of this IGN — insurance service vs investment service).

Section D.3 — Nature and extent of risks (Ind AS 117 paragraphs 121 to 132)

Key items: insurance and financial risks arising from contracts (qualitative); concentrations of risk; sensitivity analyses for insurance and market risks; claims development tables for each material LIC category; risk concentration disclosures.

Section D.4 — Transition disclosures (Ind AS 117 paragraphs C25 to C33A)

Key items: transition approach selected (FRA / MRA / FVA) per group, with rationale; reconciliation of CSM and LRC from previous-GAAP measurement to Ind AS 117 measurement at transition; OCI reconciliation for the disaggregation election; explanation of any material differences from the prior-GAAP measurement that are attributable to remeasurement vs reclassification.*

This Appendix sets out an illustrative disclosure checklist for use by the Auditing Actuary in evaluating the completeness and accuracy of the disclosures required by Ind AS 117 in the financial statements of the insurance company. The Auditing Actuary should use the checklist alongside the procedures set out in paragraph 3.17 of this IGN, and should adapt the checklist to the circumstances of the engagement.

How to use this Annexure:

Complete the checklist contemporaneously with the audit fieldwork, not retrospectively.

For each question, record the response as **Y** (Yes — disclosure is present and compliant), **N** (No — disclosure is absent or non-compliant), or **N/A** (Not applicable — the underlying transaction or balance does not exist in the insurance company's financial statements).

For each response, record a **working-paper reference** pointing to the specific working paper, test evidence or supporting document.

For any **N** response, record the **materiality evaluation** (material / immaterial / not yet concluded) and the proposed remediation or communication to the auditor.

For any **N/A** response, record the **reason** (e.g., insurance company does not have reinsurance contracts held; insurance company does not apply the Variable Fee Approach). The checklist is not a substitute for the procedures under paragraph A.17 of this APS; it supports those procedures.

Column legend

Column	Meaning
Q#	Question number (sequential within each part)
Ind AS 117	Specific paragraph of Ind AS 117 or of this APS against which the disclosure is tested
Questio	The disclosure requirement framed as a yes / no question
Y / N /	Auditing Actuary's response
WP	Working-paper reference
Comments	Explanation, materiality evaluation, remediation note

Part A — General disclosure objective (paragraphs 93–96)

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
A.1	93	Does the entity disclose qualitative and quantitative information that enables users to evaluate the effect that insurance contracts issued and reinsurance contracts held have on the entity's financial position, financial performance and cash flows?					
A.2	94	Does the entity provide disclosures at an appropriate level of aggregation, with no material information obscured by immaterial detail, and with meaningful aggregation of similar items?					
A.3	95	Does the entity disclose any additional information necessary to meet the disclosure objective in paragraph 93 where the disclosures required by Ind AS 117 are insufficient?					
A.4	96	Does the entity consider the level of detail to provide, the emphasis to place on different aspects, and the appropriate level of aggregation or disaggregation?					

Part B — Explanation of recognised amounts — reconciliations (paragraphs 97–105B)

B.1 — Reconciliations required for groups of insurance contracts issued

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
B.1.1	98	Does the entity disclose reconciliations from the opening to the closing balances separately for: (a) the net liabilities or net assets for insurance contracts issued (if any), reconciled showing the liability for remaining coverage excluding the loss component, the loss component, and the liability for incurred claims (estimates of future cash flows + risk adjustment)?					
B.1.2	99(a)-(b)	Does the entity provide separate reconciliations for groups of insurance contracts issued that are (a) assets and (b) liabilities at the reporting date?					
B.1.3	100	For groups of insurance contracts issued not measured under the Premium Allocation Approach, does the entity disclose reconciliations showing the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the Contractual Service Margin — separately?					

B.1.4	101	Does each reconciliation under paragraph 100 show each of the following, separately disclosed: (a) changes that relate to future service; (b) changes that relate to current service; (c) changes that relate to past service; (d) effect of any new contracts added in the period; (e) cash flows in the period (premiums received, insurance service expenses paid, investment components paid); (f) insurance finance income or expenses; (g) effects of changes in exchange rates; (h) any other items; and (i) the effect of business combinations and transfers?					
B.1.5	102	Does each reconciliation show the amounts in the statement of financial position for assets and liabilities for groups of insurance contracts issued, with subtotals clearly identified?					
B.1.6	103(a)	Does the reconciliation show insurance revenue recognised in the period, separated where applicable between amounts related to coverage units released and other relevant components?					

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
B.1.7	103(b)	Does the reconciliation show insurance service expenses recognised in the period, separately identifying (i) incurred claims and other insurance service expenses, (ii) amortisation of insurance acquisition cash flows, (iii) losses on onerous groups and reversals, and (iv) adjustments to liabilities for incurred claims that relate to past service?					
B.1.8	104	Does the entity present the components in a way that is consistent with the statement of profit or loss and the statement of comprehensive income?					
B.1.9	105 A	Does the entity disclose a reconciliation from the opening to the closing balance of insurance acquisition cash flows not yet included in the measurement of the related group of insurance contracts (where separately recognised)?					
B.1.10	105 B	Does the reconciliation under B.1.9 include the quantitative disclosure, in appropriate time bands, of when the entity expects to include the insurance acquisition cash flows asset in the measurement of the related group of insurance contracts?					
B.1.11	105 B	Does the entity disclose any recognition and reversal of impairment losses on insurance acquisition cash flows assets during the reporting period?					

B.2 — Reconciliations required for reinsurance contracts held

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
B.2.1	98 + 99	Does the entity provide reconciliations from opening to closing balances separately for reinsurance contracts held, with equivalent disaggregation to paragraph B.1 above?					
B.2.2	100 + 101	Where the reinsurance held is not measured under the Premium Allocation Approach, does the reconciliation separately disclose the estimates of present value of future cash flows, the risk adjustment for non-financial risk and the Contractual Service Margin?					
B.2.3	66A–66B	Does the entity disclose the loss-recovery component recognised on reinsurance contracts held in respect of onerous underlying insurance contracts issued, with the opening and closing balances reconciled?					
B.2.4	63	Does the entity disclose the effect of the risk of non-performance by the reinsurer on the measurement of the reinsurance contracts held?					

Part C — Insurance revenue (paragraphs 106–109A)

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
C.1	106	Does the entity analyse insurance revenue for the period between the amounts recognised for insurance contracts initially recognised in the period and for insurance contracts issued prior to the period?					
Q#	**Ind AS 117 para**	**Question**	**Y**	**N**	**N/A**	**WP ref**	**Comments**
C.2	106	Does the entity disclose the amounts relating to the changes in the liability for remaining coverage (amounts relating to insurance service, amounts relating to the risk adjustment, amounts relating to the Contractual Service Margin) with appropriate disaggregation?					
C.3	107	Does the entity disclose, for groups of insurance contracts issued: (a) the effect on the measurement at initial recognition of the loss component for onerous groups; (b) the changes subsequent to initial recognition in the loss component; (c) the effect of changes in discount rates; and (d) the effect of the time value of money on the estimate of future cash flows?					

C.4	108	Does the entity disclose an analysis of insurance service expenses recognised in profit or loss for the period, separating into the categories listed in paragraph B.1.7 above?					
C.5	109	For contracts measured under the Premium Allocation Approach, does the entity disclose (a) the accounting policy choices in applying the PAA including whether financing components are recognised and whether insurance acquisition cash flows are expensed as incurred; and (b) reconciliations from opening to closing balances?					
C.6	109 A	Does the entity disclose when the entity expects to recognise the remaining Contractual Service Margin in profit or loss, quantitatively in appropriate time bands?					

Part D — Insurance finance income or expenses and other comprehensive income (paragraphs 110–113)

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
D.1	110	Does the entity disclose and explain the total amount of insurance finance income or expenses in the reporting period, including the relationship with investment returns?					

D. 2	111	Does the entity disclose and explain the methods used to determine insurance finance income or expenses recognised in profit or loss and in other comprehensive income?					
D. 3	112	For contracts where insurance finance income or expenses is disaggregated between profit or loss and other comprehensive income under paragraphs 88–89, does the entity disclose an explanation of the method applied?					
D. 4	113	Does the entity disclose: (a) a reconciliation from opening to closing balance of the cumulative amount included in other comprehensive income; and (b) for contracts with direct participation features, whether the risk mitigation option is applied, and the effect of applying it?					

Part E — Transition disclosures (paragraphs 114–116 and C25–C33A)

Completion note: *Part E is required in the first-application reporting period and, for items (i) and (ii) below, in subsequent reporting periods for as long as groups measured under the Modified Retrospective Approach and the Fair Value Approach continue to exist. Part E applies only if the audit is for a period in which Ind AS 117 is first applied or for a subsequent period with continuing transition-date groups. Cross-reference Section A-T of this APS.*

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
E.1	114	Does the entity disclose separately, for each of (i) insurance contracts existing at the transition date to which the Modified Retrospective Approach is applied, (ii) insurance contracts existing at the transition date to which the Fair Value Approach is applied, and (iii) all other insurance contracts: (a) the reconciliation of the Contractual Service Margin, and (b) the amount of Insurance Revenue?					
E.2	115	Does the entity explain how the transition date measurement of insurance contracts was determined, including the methods used and the judgements applied?					
E.3	115	Is the explanation under E.2 sufficient to enable users of the financial statements to understand the nature and significance of the methods used and judgements applied in determining the transition amounts?					

E.4	116	For each period in which amounts determined applying paragraphs C18(b), C19(b), C24(b) and C24(c) exist, does the entity disclose a reconciliation from the opening to the closing balance of the cumulative amounts included in other comprehensive income for financial assets measured at fair value through other comprehensive income related to the groups of insurance contracts?					
E.5	C25	Does the entity restate comparative information for the annual reporting period immediately preceding the date of initial application?					
E.6	C26–C27	If the entity voluntarily restates earlier comparative periods, does it disclose that fact? If it does not restate earlier comparative periods, does it clearly identify the unadjusted comparative information as being prepared on a different basis and explain that basis?					
E.7	C28	If the entity has not presented previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which the entity first applies Ind AS 117, does it disclose that fact?					
E.8	C28A–C28E	Where the entity applies the classification overlay, does it disclose the approach and its effect?					
E.9	C29–C33A	Does the entity provide additional transition-related disclosures as required by paragraphs C29 to C33A, covering redesignation of financial assets on first-time application and related matters?					

Part F — Significant judgements in applying Ind AS 117 (paragraphs 117–120)

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
F.1	117	Does the entity disclose the significant judgements and changes in judgements made in applying Ind AS 117, including the methods used to measure insurance contracts and the processes used to estimate the inputs to those methods?					
F.2	117(a)	Does the entity disclose, for each type of contract, the methods used to measure insurance contracts within the scope of Ind AS 117 and the processes for estimating the inputs to those methods?					
Q#	**Ind AS 117 para**	**Question**	**Y**	**N**	**N/A**	**WP ref**	**Comments**
F.3	117(b)	Does the entity disclose, where applicable, any changes in the methods used and processes for estimating inputs, with reasons for each change and the type of contracts affected?					
F.4	117(c)(i)	Does the entity disclose the approach used to distinguish changes in estimates of future cash flows arising from the exercise of discretion from other changes in estimates of future cash flows, for contracts without direct participation features?					

F.5	117(c)(ii)	Does the entity disclose the approach used to determine the risk adjustment for non-financial risk, including whether changes are disaggregated between insurance service result and insurance finance income or expenses?					
F.6	117(c)(iii)	Does the entity disclose the approach used to determine discount rates?					
F.7	117(c)(iv)	Does the entity disclose the approach used to determine investment components?					
F.8	117(c)(v)	Does the entity disclose the approach used to determine the relative weighting of the benefits provided by insurance coverage and investment-return service or investment-related service (as applicable) i.e., the coverage unit weighting?					
F.9	118	For contracts with direct participation features, does the entity disclose the choice of disaggregation approach under paragraph 89, and its effect?					
F.10	119	Does the entity disclose the confidence level to which the risk adjustment for non-financial risk corresponds, regardless of the technique applied?					
F.11	119	Where the entity uses a technique other than the confidence-level technique to determine the risk adjustment, does the entity disclose the technique used and the method used to translate the result of that technique into the confidence level?					

F.12	120	Does the entity disclose the yield curve (or range of yield curves) used to discount cash flows that do not vary based on returns on underlying items, separately disclosed for significant currencies in which cash flows are denominated?					

Part G — Nature and extent of risks arising from contracts within the scope of Ind AS 117 (paragraphs 121–132)

G.1 — General risk disclosure

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
G.1.1	121	Does the entity disclose information that enables users to evaluate the nature, amount, timing and uncertainty of future cash flows arising from insurance contracts?					
G.1.2	122	Does the entity disclose its exposure to risks, how these risks arise, and its objectives, policies and processes for managing the risks and the methods used to measure them?					
Q#	**Ind AS 117 para**	**Question**	**Y**	**N**	**N/A**	**WP ref**	**Comments**
G.1.3	123	Does the entity disclose any change in its exposure to risks, the causes of the change, and its objectives, policies and processes for managing the risks and the methods used to measure them, compared with the previous period?					

G.1.4	124	Does the entity disclose summary quantitative information about its exposure to risk at the reporting date, based on information provided internally to key management personnel?					

G.2 — Concentrations of risk

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
G.2.1	125–126	Does the entity disclose information about concentrations of risk arising from insurance contracts, including a description of how management determines concentrations and a description of the shared characteristic that identifies each concentration (including geographical area, currency, industry, climate exposure, where relevant)?					

G.3 — Insurance and market risks — sensitivity analysis

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
G.3.1	127(a)(i)	Does the entity disclose a sensitivity analysis that shows the effect on profit or loss and equity of changes in insurance risk variables that were reasonably possible at the end of the reporting period?					

G.3.2	127(a)(ii)	Does the entity disclose a sensitivity analysis that shows the effect on profit or loss and equity of changes in market risk variables that were reasonably possible at the end of the reporting period?					
G.3.3	127(b)	Does the entity disclose the methods and assumptions used in preparing the sensitivity analysis?					
G.3.4	127(c)	Does the entity disclose changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis, and the reasons for such changes?					
G.3.5	128	If the entity prepares a sensitivity analysis that reflects interdependencies between risk variables (e.g., a value-at-risk analysis) and uses it to manage financial risks, does the entity disclose that fact, describe the method, explain the main parameters and assumptions, and explain the objective of the method and its limitations?					

G.4 — Insurance risk — claims development

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
G.4.1	130	Does the entity disclose actual claims compared with previous estimates (claims development), going back as many years as the time it takes to fully settle claims — but not more than 10 years?					

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
G.4.2	130	Does the entity reconcile the claims development disclosure with the aggregate carrying amount of the groups of insurance contracts at the reporting date?					

G.5 — Credit risk on reinsurance contracts held

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
G.5.1	131(a)	Does the entity disclose information about the credit quality of reinsurance contracts held that are assets?					
G.5.2	131(b)	Does the entity disclose the maximum exposure to credit risk in respect of reinsurance contracts held?					
G.5.3	131	Does the entity disclose information about concentrations of credit risk arising from reinsurance contracts held?					

G.6 — Liquidity risk

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments

G.6.1	132(a)	Does the entity disclose a description of how it manages liquidity risk in respect of insurance contracts?					
G.6.2	132(b)	Does the entity disclose quantitative information about the maturity profile of the estimates of the present value of future cash flows for groups of insurance contracts that are liabilities, in appropriate time bands?					
G.6.3	132(c)	Does the entity disclose amounts payable on demand in respect of insurance contract liabilities, separately identified from amounts payable only at future dates?					

Part H — Indian-specific disclosure considerations

Completion note: *Part H addresses disclosure considerations arising from the Indian regulatory framework that supplement the Ind AS 117 requirements. The Auditing Actuary should coordinate with the auditor to ensure that the entity's financial statements present these matters consistently with Indian legal and regulatory requirements*

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H.1 — Policyholders' fund and shareholders' fund presentation

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
H.1.1	Section 49 of the Insurance Act 1938 + IRDAI 2024 Regs Schedule IIA	Does the entity present information consistent with the policyholders' fund and shareholders' fund separation required by Section 49 of the Insurance Act 1938 and Schedule IIA of the IRDAI 2024 Regulations, with appropriate disaggregation of Ind AS 117 measurement components between the two funds?					
H.1.2	IRDAI 2024 Regs Schedule IIA	Where the entity's policyholders' fund and shareholders' fund allocations differ between the financial statements under Ind AS 117 and the regulatory returns, does the entity disclose the basis of the allocations and the basis of the reconciliation?					

H.2 — Annual cohort application to participating insurance contracts

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
H.2.1	Ind AS 117 §22 + IRDAI 2024 Regs Schedule IIA	For participating insurance business, does the entity apply the annual cohort requirement of paragraph 22 and disclose the resulting groupings consistently with this requirement?					
H.2.2	Ind AS 117 §117	Does the entity disclose the significant judgements applied in determining the level of aggregation for participating insurance contracts, having regard to the 90 / 10 surplus distribution arrangement under Section 49 of the Insurance Act 1938?					

H.3 — Indian carve-outs and regulatory modifications

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
H.3.1	Indian Ind AS 117 carve-outs as notified	Does the entity disclose the application of any Indian-specific carve-out or modification to Ind AS 117 notified under the Companies (Indian Accounting Standards) Rules?					

H.3.2	IRDAI 2024 Regs Schedule IIA + IRDAI circulars	Does the entity disclose the application of any IRDAI implementation circular or guidance that affects the measurement, presentation or disclosure under Ind AS 117?					
H.3.3	IRDAI 2024 Regs (forbearance regime)	Where the entity has applied for or obtained any forbearance from the IRDAI in respect of the application of Ind AS 117, does the entity disclose the forbearance, its scope and its effect?					

H.4 — Consolidation of insurance and reinsurance subsidiaries and overseas operations

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
H.4.1	Ind AS 110 + Ind AS 117	Where the consolidated financial statements include the results of subsidiaries and overseas operations to which the equivalent of Ind AS 117 is applied under a different financial reporting framework, does the entity disclose the basis of consolidation in respect of insurance					
H.4.2	Ind AS 117 §22 + cross-jurisdictional considerations	Where an overseas subsidiary applies an optional exemption from the annual cohort requirement of paragraph 22 (for example under the European Union endorsement of International Financial Reporting Standard 17) that is not available under Ind AS 117, does the entity disclose the divergence and its effect on the consolidated financial					

Part I — Cross-referenced disclosures under other Ind AS

Completion note: *Disclosures required by other Ind AS that interact with Ind AS 117 are within the broader scope of the auditor's procedures under SA 330 and SA 700. The Auditing Actuary addresses only those disclosures that require actuarial input.*

Q#	Ind AS 117 para	Question	Y	N	N/A	WP ref	Comments
I.1	Ind AS 1 + Ind AS 8	Does the entity disclose the significant accounting policies applied to insurance contracts and reinsurance contracts held under Ind AS 117, consistent with Ind AS 1 and Ind AS 8?					
I.2	Ind AS 8	Does the entity disclose the effect of any change in accounting estimate relating to Ind AS 117 measurement, consistent with Ind AS 8?					
I.3	Ind AS 10	Does the entity disclose the effect of any material subsequent event between the reporting date and the date on which the financial statements are authorised for issue, consistent with Ind AS 10 and with paragraph A.21 of this APS?					
I.4	Ind AS 34	In respect of interim financial statements, does the entity provide the Ind AS 117 disclosures required under Ind AS 34, consistent with the entity's accounting policy on the interim measurement of the Contractual Service Margin?					

I.5	Ind AS 109 / Ind AS 115	In respect of contracts issued by the insurance company that fall outside the scope of Ind AS 117 and within the scope of Ind AS 109 or Ind AS 115, does the entity apply and disclose the requirements of the applicable standard, consistent with paragraph 1.2.1(ii) of this APS?					

Part J — Auditing Actuary's overall conclusion on disclosure

Q#	Question	Y	N	N/A	WP ref	Comments
J.1	Have all Ind AS 117 disclosure requirements applicable to the entity been addressed by the checklist in Parts A to I?					
J.2	Have all 'N' (non-compliance) responses been communicated to the auditor?					
J.3	Have all 'N' (non-compliance) responses been evaluated for materiality?					
Q#	**Question**	**Y**	**N**	**N/A**	**WP ref**	**Comments**
J.4	Has the Auditing Actuary concluded, having regard to the completed checklist, that the Ind AS 117 disclosures in the financial statements fairly present the matters required to be disclosed?					
J.5	Has any matter of disagreement with the Appointed Actuary, the actuarial function or the insurance company's management in respect of disclosures been escalated under paragraph A.23 of this APS?					

J.6	Has the completed checklist been retained as part of the Auditing Actuary's working papers under paragraph A.19 of this APS?					

Signature and compliance attestation

Completed by (Name of the Auditing Actuary)_____

Designation (FIAI; Certificate of Practice number)

Practice specialty (Life / General / Health / Reinsurance)

Date of completion _____

Signature _____

Reviewed by (if applicable): Name, position, date

Appendix E — Illustrative Auditing Actuary's Report to the Auditor

This Appendix sets out an illustrative form of the report by the Auditing Actuary to the auditor at the conclusion of the engagement, in accordance with paragraph 3.22.2 of this IGN. The Auditing Actuary should adapt the illustrative form to the circumstances of the engagement.

[On the letterhead of the actuarial firm]

Date: [DD/MM/YYYY]

To: [Name of the auditor / engagement partner] [Name of the audit firm] [Address]

Dear Sir/Madam,

Subject: Auditing Actuary's report in respect of the audit of the financial statements of [Name of the insurance company] for the financial year ending [DD/MM/YYYY]

1. **Engagement.** We refer to the engagement letter dated [DD/MM/YYYY] from [Name of the insurance company] (the "Company") engaging us as Auditing Actuary in respect of the audit of the financial statements of the Company for the financial year ending [DD/MM/YYYY].
2. **Scope of actuarial work.** The scope of the actuarial work performed under this engagement, by reference to the engagement scope determined under paragraph 3.4 of this IGN, is set out in Section [X] of this report.
3. **Materiality.** The materiality threshold communicated by you under paragraph 3.5.2 of this IGN, and applied by us in performing the actuarial work, is set out in Section [X] of this report.
4. **Significant risks addressed.** The significant risks addressed by the actuarial work, identified under paragraph 3.6.5 of this IGN, are set out in Section [X] of this report.
5. **Procedures performed.** The procedures performed by us, including the procedures performed under paragraphs 3.6 to 3.21 of this IGN and, where applicable, Section 4 of this IGN, are set out in Section [X] of this report. [In the first-application period of Ind AS 117, this Section should also describe the procedures performed under Section 4.]s
6. **Data, assumptions, methodology and models.** The data, assumptions, methodology and models on which we have relied in performing the actuarial work, including the source of the data and the party who set the assumptions, methodology and models, are set out in Section [X] of this report.
7. **Independent recomputation.** The results of any independent recomputation performed by us under paragraph 3.20 of this IGN are set out in Section [X] of this report.
8. **Reliance.** The nature and extent of any reliance placed by us on data, opinions, analyses or other information prepared by the Appointed Actuary, the actuarial function of the Company, the Company's management, the Independent Validator (where engaged), reinsurance counterparties, market data vendors, or any other party, are set out in Section [X] of this report.

For each item of reliance, we have stated whether we take responsibility for the matter or disclaim responsibility, and the steps we have taken to evaluate the appropriateness of the reliance.

9. **Conclusions.** Our conclusions in respect of each significant risk and each material Ind AS 117 measurement component within the scope of the actuarial work are set out in Section [X] of this report. Our conclusions are expressed as clean conclusions, modified conclusions, or inability to conclude, in accordance with paragraph 3.22.4 of this IGN.
10. **Concerns.** Concerns identified by us in respect of material deficiencies or limitations in the actuarial work, including any matter that has been escalated under paragraph 3.23 of this IGN, are set out in Section [X] of this report.
11. **Compliance with this IGN.** We confirm that the actuarial work performed by us in respect of this engagement has been performed in accordance with the Guidance Note [X] of the Institute of Actuaries of India entitled *"Actuaries Supporting the Audit of Insurance Companies under Ind AS 117"*. [If applicable: We have not been able to confirm full compliance with the following provisions of this IGN for the reasons set out in Section [X] of this report.]
12. **Independence.** We confirm that throughout the period of the engagement we have complied with the independence and conflict-of-interest requirements set out in paragraph 3.2 of this IGN.

Yours faithfully,

For [Name of the actuarial firm]

_____ [Name of the Auditing Actuary] [Designation, FIAI, Certificate of Practice number] [Practice specialty]

Unit no. F-206, 2nd Floor, 'F' Wing in Tower 2, 'Seawoods Grand Central',
Plot no R-1, Sector 40, Seawoods, Navi Mumbai - 400 706

Appendix F — References (non-binding)

This Appendix G is non-binding and is included for the convenience of the Auditing Actuary. The international standards, guidance and professional materials listed in this Appendix have informed the development of this IGN but are not cited in the binding text of this IGN. The Auditing Actuary may, in the exercise of professional judgement, refer to these materials for educational purposes or for context, but compliance with this IGN does not require compliance with any of the materials listed in this Appendix.

International standards and guidance

Reference	Source	Subject matter
ISAP 1	International Actuarial Association	General actuarial practice
ISAP 4	International Actuarial Association	Actuarial practice in relation to IFRS 17 Insurance Contracts
IAN 100	International Actuarial Association	Application of IFRS 17 Insurance Contracts
IAN 104	International Actuarial Association	Measurement of investment contracts and service contracts under IFRS 9 and IFRS 15
ESAP 1	Actuarial Association of Europe	General Actuarial Practice
EAN 3	Actuarial Association of Europe	Professional Judgement
EAN 4	Actuarial Association of Europe	Application of IFRS 17 Insurance Contracts applying the 2021 EU endorsement
TAS 100	UK Financial Reporting Council	General Actuarial Standards
TAS 200	UK Financial Reporting Council	Insurance

ASOP 21	US Actuarial Standards Board	Responding to or Assisting Auditors or Examiners in Connection with Financial Audits, Financial Reviews and Financial Examinations
Standards of Practice — Part 1000	Canadian Institute of Actuaries	General Standards of Practice
Standards of Practice — Part 2000	Canadian Institute of Actuaries	Standards of Practice — Insurance
Risk Book	International Actuarial Association	Book related to various risks faced by insurance companies

International audit standards and guidance

Reference	Source	Subject matter
Practice Note 20	UK Financial Reporting Council	The Audit of Insurers in the United Kingdom
GPPC paper on auditor's response to IFRS 17 estimation risks	Global Public Policy Committee	Practical audit guidance for IFRS 17
GPPC companion guide on key judgements	Global Public Policy Committee	Key judgements under IFRS 17
GPPC paper for those charged with governance	Global Public Policy Committee	Audit committee questions on IFRS 17
Common Audit Inspection Methodology — Inspection Procedures	Committee of European Auditing Oversight Bodies	Firm-level audit quality control inspection methodology
Common Audit Inspection Methodology — ISQM Suite (Risk Assessment Process)	Committee of European Auditing Oversight Bodies	Firm-level quality management methodology under ISQM 1

Common Audit Inspection Methodology — IT Audit Inspection Work Programme	Committee of European Auditing Oversight Bodies	Engagement-level information technology audit inspection methodology
Common Audit Inspection Methodology — Revenue Work Programme	Committee of European Auditing Oversight Bodies	Engagement-level revenue audit inspection methodology
IAASA Financial Statement Disclosures Fact Sheet	Irish Auditing and Accounting Supervisory Authority	Audit of disclosures in financial statements
IAASA IFRS 17 Findings	Irish Auditing and Accounting Supervisory Authority	Audit inspection findings on IFRS 17

IFRS 17 / Ind AS 117 — Standard text and supplementary materials

Reference	Source	Subject matter
IndAS117 Insurance Contracts	Institute of Chartered Accountants of India	The international financial reporting standard 17 adapted to India
IFRS 17 Basis for Conclusions	International Accounting Standards Board	IASB rationale for the provisions of IFRS 17
IFRS 17 Illustrative Examples	International Accounting Standards Board	Worked computational examples illustrating the application of IFRS 17
IFRS 17 Effects Analysis	International Accounting Standards Board	Cost-benefit analysis and effects of IFRS 17
IFRS 17 Transition Resource Group Agenda Papers	IFRS 17 Transition Resource Group	Topical clarifications on the application of IFRS 17

IAA position papers

Reference	Source	Subject matter
IAA Quality Assurance and Governance Initiatives for	International Actuarial Association	Quality assurance and governance position

Actuaries Working under IFRS 17		

ICAI Standards on Auditing

S.No.	Number of Standards on Auditing and Subject matter
1.	SA 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing
2.	SA 210, Agreeing the Terms of Audit Engagements
3.	SA 220, Quality Control for an Audit of Financial Statements
4.	SA 230, Audit Documentation
5.	SA 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
6.	SA 250, Consideration of Laws and Regulations in an Audit of Financial Statements
7.	SA 260(Revised), Communication with Those Charged with Governance
8.	SA 265, Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
9.	SA 299 (Revised), Joint Audit of Financial Statements
10.	SA 300, Planning an Audit of Financial Statements
11.	SA 315, Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
12.	SA 320, Materiality in Planning and Performing an Audit
13.	SA 330, The Auditor's Responses to Assessed Risks
14.	SA 402, Audit Considerations Relating to an Entity Using a Service Organisation
15.	SA 450, Evaluation of Misstatements Identified during the Audit
16.	SA 500, Audit Evidence
17.	SA 501, Audit Evidence - Specific Considerations for Selected Items
18.	SA 505, External Confirmations

19.	SA 510, Initial Audit Engagements—Opening Balances
20.	SA 520, Analytical Procedures
21.	SA 530, Audit Sampling
22.	SA 540, Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
23.	SA 550, Related Parties
24.	SA 560, Subsequent Events
25.	SA 570(Revised), Going Concern
26.	SA 580, Written Representations
27.	SA 600, Using the Work of Another Auditor
28.	SA 610(Revised), Using the Work of Internal Auditors
29.	SA 620, Using the Work of an Auditor's Expert
30.	SA 700(Revised), Forming an Opinion and Reporting on Financial Statements
31.	SA 701, Communicating Key Audit Matters in the Independent Auditor's Report
32.	SA 705(Revised), Modifications to the Opinion in the Independent Auditor's Report
33.	SA 706(Revised), Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report
34.	SA 710, Comparative Information - Corresponding Figures and Comparative Financial Statements
35.	SA 720(Revised), The Auditor's Responsibilities Relating to Other Information
36.	SA 800, Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
37.	SA 805, Special Considerations-Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
38.	SA 810, Engagements to Report on Summary Financial Statements

Appendix G — Auditing Actuary Working-Paper Checklist

This Appendix H is the prescribed working-paper checklist for the Auditing Actuary's compliance with this IGN. The Auditing Actuary should complete this checklist as evidence of completion of the procedures required by Section 3 and (where applicable) Section 4. The completed checklist forms part of the working papers retained under paragraph 3.19 and is the principal compliance attestation evidence retained under paragraph 3.24.5. *The checklist contains 22 Parts and approximately 150 questions covering recurring engagement procedures (Parts 1 to 20 and Part 22). Part 21 (Audit of Ind AS 117 Transition) is separated as a discrete **Initial Application Addendum** at the end of this Appendix; the Auditing Actuary completes the Addendum only in the financial reporting period in which Ind AS 117 is first applied by the insurance company and, for the limited residual matters under paragraph 4.13, in subsequent reporting periods. For each question the Auditing Actuary records: (a) Y (compliant) / N (non-compliant) / N/A (not applicable, with reason); (b) the working-paper reference; (c) any relevant comments.*

Engagement details

Item	Detail
Insurance company	[name]
Financial reporting period	[DD-MMM-YYYY to DD-MMM-YYYY]
Audit firm and engagement partner	[name]
Auditing Actuary individual	[name, FIAI, CoP no.]
Actuarial firm	[name]
Engagement letter reference	[date / version]

Part 1 — Engagement acceptance and self-assessment

#	Question	Ref	Y/N/NA	WP ref	Comments
1.1	Has a written engagement letter been executed capturing the essential	3.1.3; App. A			

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	elements set out in Appendix A?				
1.2	Does the engagement letter incorporate the access asymmetry as per Appendix A clauses 3?	3.1.3; App. A			
1.3	Has the engagement scope been documented and agreed before commencement?	3.4.1			
1.4	Has the materiality been received from the Auditor in writing under SA 320?	3.5.1			
1.5	Has the Auditing Actuary confirmed in writing that resources, timeline and competence are adequate?	3.1.4			
1.6	Has the engagement-acceptance	3.2.10			

	independence assessment under paragraph 3.2.10 been performed and documented?				
1.7	Has any subsequent information emerging after acceptance been evaluated under paragraph 3.1.7?	3.1.7			

Part 2 — Independence and conflicts of interest (Public Interest Entity level)

#	Question	Ref	Y/N/NA	WP ref	Comments
2.1	Has the Auditing Actuary applied the conceptual framework (identify-evaluate-address) and documented threats across the five categories (self-interest, self-review, advocacy,	3.2.0			

	familiarity, intimidation)?				
2.2	Are the requirements of independence of mind AND independence in appearance both confirmed in writing?	3.2.0			
2.3	Confirmed that the Auditing Actuary has not acted as the Appointed Actuary or in any capacity (employment / consultancy / advisory / board / committee / other) with the insurance company within the prior cooling-off period?	3.2.2; 3.2.3; 3.2.4			
2.4	Confirmed that the Auditing Actuary individual has not exceeded three	3.2.5			

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	consecutive financial reporting periods as Auditing Actuary of the same insurance company?				
2.5	Confirmed that the actuarial firm has not exceeded three consecutive financial reporting periods as Auditing Actuary of the same insurance company?	3.2.5			
2.6	Where rotation has occurred, confirmed that the two-year cooling-off period has elapsed before re-engagement?	3.2.5			
2.7	Confirmed no direct or material indirect financial interest is held	3.2.6			

	by any person specified in 3.2.6, including network firms?				
2.8	Confirmed no prohibited loan or guarantee relationship under paragraph 3.2.6A?	3.2.6A			
2.9	Confirmed no material business relationship under paragraph 3.2.6B?	3.2.6B			
2.10	Confirmed no immediate-family member of the Auditing Actuary or key partner holds a position with significant influence at the insurance company?	3.2.7			
2.11	Confirmed no temporary personnel assignment to the insurance company that	3.2.7A			

	creates a self-review conflict?				
2.12	Confirmed compliance with fee-dependence thresholds under paragraph 3.2.8 and disclosure to TCWG where applicable?	3.2.8			
2.13	Confirmed that no prohibited actuarial NAS (valuation / methodology / model-build / IFRS 17 implementation) has been provided by the Audit Firm, the actuarial firm or any network firm to the insurance company in the recent past or during the engagement?	3.2.9			
2.14	Has the Annual Independence Confirmation in the form set out	3.2.10; App. I			

	in Appendix I been completed and addressed to the Auditor?				

Part 3 — Competence and capability

#	Question	Ref	Y/N/NA	WP ref	Comments
3.1	Confirmed that the Auditing Actuary is a Fellow of the IAI in good standing (Associate-level membership does not qualify)?	3.3.1			
3.2	Confirmed that the Auditing Actuary holds a current Certificate of Practice from the IAI for the relevant practice area?	3.3.2			
3.3	Confirmed that the Auditing	3.3.3			

	Actuary has practical experience in Ind AS 117 / IFRS 17 valuation adequate for the engagement?				
3.4	Confirmed that the Auditing Actuary has not been subject to disqualifying disciplinary action by the IAI?	3.3.4			
3.5	Confirmed that the Auditing Actuary meets the eligibility requirements to be appointed as an Appointed Actuary as prescribed by the IRDAI from time to time?	3.3.5			

3.6	Has the documentation of competence been retained as part of the working papers?	3.3.7			

Part 4 — Engagement scope determination

#	Question	Ref	Y/N/NA	WP ref	Comments
4.1	Has the initial scope been documented covering the eight items in 3.4.1(i)–(viii)?	3.4.1			
4.2	Have all variances in scope during the engagement been documented?	3.4.2			
4.3	Have all scope limitations been communicated to the Auditor?	3.4.3			
4.4	Where joint auditors are appointed, have allocation and communication been clarified	3.4.4			

	before commencement?				
4.5	Has the forbearance status of the insurance company under the IRDAI Circular dated 1-Apr-2026 been confirmed at acceptance?	3.4.5			
4.6	Where the insurance company is a listed insurer, has the SEBI timeline been used in lieu of the IRDAI three-month timeline?	3.4.6			
4.7	Confirmed that quarterly limited review work (out-of-scope under paragraph 1.2.3(v)) is not within the engagement?	1.2.3(v)			
4.8	Has the engagement scope been re-validated at each	3.4.2			

	interim and year-end?				

Part 5 — Materiality framework

#	Question	Ref	Y/N/NA	WP ref	Comments
5.1	Has the Auditor-determined overall and performance materiality been received in writing?	3.5.1; 3.5.2			
5.2	Has component-level materiality been received for each material component of the actuarial work?	3.5.2			
5.3	Has the Auditing Actuary applied the auditor-determined materiality in determining the nature, timing	3.5.3			

	and extent of procedures?				
5.4	Have matters material to the actuarial work but below auditor materiality been identified, documented and communicated?	3.5.4			
5.5	Have any subsequent revisions to materiality been re-applied to the procedures?	3.5.3			

Part 6 — Risk assessment

#	Question	Ref	Y/N/NA	WP ref	Comments
6.1	Has the Auditing Actuary obtained an understanding of the insurance company's actuarial	3.6.1			

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	function under SA 315?				
6.2	Has the Auditing Actuary identified significant risks within the scope of the actuarial work in coordination with the Auditor?	3.6.2			
6.3	Has each significant risk been mapped to specific procedures?	3.6.3			
6.4	Has the risk catalogue at paragraph 3.6.4 been considered, including regulatory and legislative change risk (incl. forbearance)?	3.6.4			
6.5	Have inherent risk factors (complexity /	3.6.5			

	subjectivity / estimation uncertainty / management bias) been evaluated for each significant risk?				
6.6	Has the risk assessment been re-performed when new information emerges?	3.6.6			
6.7	Has the risk-assessment documentation been retained?	3.6.7			

Part 7 — Understanding the Appointed Actuary's work and methodology

#	Question	Ref	Y/N/NA	WP ref	Comments
7.1	Has the Auditing Actuary obtained an understanding of the work of the Appointed Actuary?	3.7.1			

7.2	Has the Auditing Actuary obtained the Appointed Actuary's methodology paper, models inventory, and significant judgement memos?	3.7.2			
7.3	Has the Auditing Actuary evaluated the work of management's experts engaged by the insurance company?	3.7.4			
7.4	Have the Appointed Actuary's communications to the Audit Committee been obtained and reviewed?	3.7.5			
7.5	Has the understanding been documented?	3.7.6			

Part 8 — Procedures on data

#	Question	Ref	Y/N/NA	WP ref	Comments
8.1	Has the data received from the insurance company been reconciled to source systems and to the general ledger?	3.8.2			
8.2	Has data validation been performed by the Auditing Actuary as own substantive procedure (cf. Appendix C controls evaluation)?	3.8.3; App. C			
8.3	Have data quality issues been identified, evaluated and disclosed?	3.8.4			

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8.4	Has the Auditing Actuary evaluated the design and operating effectiveness of the insurance company's data controls (Appendix C §A3.1)?	App. C §A3.1			
8.5	Have data adjustments and overrides been evaluated for management bias indicators?	3.8.5			
8.6	Has data lineage been validated end-to-end from source to actuarial valuation output?	3.8.6			
8.7	Has external data been evaluated for reliability	3.8.7			

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	under SA 500?				

Part 9 — Procedures on assumptions

#	Question	Ref	Y/N/NA	WP ref	Comments
9.1	Have all material assumptions been individually evaluated for appropriateness?	3.9.2			
9.2	Have prior-period assumptions been back-tested against actual experience?	3.9.6			
9.3	Has the cross-purpose consistency review (pricing / capital modelling / business planning) been performed under paragraph 3.9.4?	3.9.4			
9.4	Has the aggregate assumption set evaluation been	3.9.5			

	performed under paragraph 3.9.5?				
9.5	Has sensitivity testing been performed under paragraph 3.9.7?	3.9.7			
9.6	Has consistency of assumptions across reporting periods been verified?	3.9.3			
9.7	Have changes in assumptions been evaluated for management bias and disclosure adequacy?	3.9.5			

Part 10 — Procedures on methodology

#	Question	Ref	Y/N/NA	WP ref	Comments
10.1	Has the eligibility of the measurement model (GMM / PAA / VFA) been evaluated for each group, applying paragraph 3.10.2A?	3.10.2(i); 3.10.2A			

10.2	For PAA election under paragraph 53(a), has the entity's affirmative quantitative GMM-vs-PAA comparison been obtained and tested?	3.10.2A(iii)			
10.3	For PAA election under paragraph 53(b), has whole-contract one-year coverage been verified (no carving of multi-year contracts)?	3.10.2A(ii)			
10.4	Has the paragraph 54 disqualifier (significant variability in FCF) been evaluated for each PAA-elected group?	3.10.2A(iv)			
10.5	For multi-year direct	3.10.2A(vi)			

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	contracts, has PAA eligibility been individually justified?				
10.6	For single-premium multi-year direct contracts, has the existence of a significant financing component under paragraph 56 been evaluated and the locked-in B72(d) curve verified?	3.10.2A(vii)			
10.7	Has the irrevocability of PAA election been documented and ongoing-period evidence retained?	3.10.2A(v)			
10.8	Has the level of aggregation (portfolio / annual cohort /	3.10.2(ii)			

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	profitability bucket) been evaluated?				
10.9	Has methodology consistency across portfolios, groups and reporting periods been verified?	3.10.3			
10.10	Have approximations and simplifications been evaluated for materiality and disclosure?	3.10.4			

Part 11 — Procedures on models

#	Question	Ref	Y/N/NA	WP ref	Comments
11.1	Has the model inventory been obtained and tied to the financial-statement disclosures?	3.11.2			
11.2	Have model controls been evaluated	App. C §A3.3			

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	under Appendix C §A3.3 (computation controls)?				
11.3	Has the Auditing Actuary performed independent model validation under paragraph 3.11.4?	3.11.4			
11.4	Have model changes during the period been evaluated for impact and bias indicators?	3.11.5			
11.5	Have third-party / vendor models been evaluated under SA 500 / SA 620?	3.11.6			
11.6	Has the IT specialist's evaluation under	4.10			

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	paragraph 4.10 been considered (where applicable)?				

Part 12 — Procedures on the Contractual Service Margin

#	Question	Ref	Y/N/NA	WP ref	Comments
12.1	Has the initial recognition CSM been verified for new contracts in the period?	3.12.2			
12.2(a)	Has the effect of new contracts added to the group been evaluated?	3.12.3			
12.2(b)	Has the accretion of interest at the locked-in discount rate (B72(b)) been verified?	3.12.3; 3.14.3			
12.2(c)	Has the change in fulfilment cash flows	3.12.3			

	adjusting the CSM been evaluated?				
12.2(d)	Have changes in fulfilment cash flows not adjusting the CSM been evaluated?	3.12.3			
12.2(e)	Has the effect of currency exchange differences been evaluated?	3.12.3			
12.2(f)	Has the amount released to profit or loss as Insurance Revenue (CSM release based on coverage units) been evaluated?	3.12.3			
12.3	Have coverage units been evaluated under paragraph	3.12.4			

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	B119 of Ind AS 117?				

Part 13 — Procedures on the Risk Adjustment

#	Question	Ref	Y/N/NA	WP ref	Comments
13.1	Has the methodology applied (confidence level / cost-of-capital / other) been evaluated for compliance with paragraphs 37 and B86–B92?	3.13.2			
13.2	Has the level of aggregation at which the Risk Adjustment is determined been evaluated?	3.13.2(iii)			
13.3	Has the diversification benefit recognised in the Risk Adjustment	3.13.2A(i)			

	been evaluated under paragraph 3.13.2A — pricing-RA consistency test?				
13.4	Has Asymmetry Direction A (RA more diversification than pricing) been specifically evaluated?	3.13.2A(i)(a)			
13.5	Has Asymmetry Direction B (RA less diversification than pricing) been specifically evaluated?	3.13.2A(i)(b)			
13.6	Has capital allocation evidence under paragraph 3.13.2A(ii) been obtained	3.13.2A(ii)			

	and evaluated?				
13.7	Has the equivalent confidence level under paragraph 119 of Ind AS 117 been verified?	3.13.3			
13.8	Has the RA on reinsurance contracts held been evaluated as non-nil?	3.13.4			
13.9	Have industry pool considerations under paragraph 3.13.5 been addressed?	3.13.5			

Part 14 — Procedures on the discount rate

#	Question	Ref	Y/N/NA	WP ref	Comments
14.1	Has the methodology (top-down / bottom-up) been evaluated under	3.14.2(i)			

	paragraphs 36 and B72–B85?				
14.2	Has the IRDAI-prescribed CCIL Zero-Coupon Yield Curve been used as the risk-free rate source per paragraph 7.2 of the IRDAI Circular dated 1-Apr-2026?	3.14.3			
14.3	Has the same paragraph 36 methodology been used for the current curve (B72(a)) and all locked-in curves (B72(b)–(e))?	3.14.3			
14.4	Has the locked-in curve at initial recognition under B72(b) (CSM accretion, GMM) been	3.14.2(vi)			

	retained per cohort?				
14.5	Has the locked-in curve under B72(d) for PAA groups with a significant financing component been verified?	3.10.2A(vii); 3.14.3			
14.6	For B72(e) OCI option groups: where GMM, has the date-of-initial-recognition anchor been used (B72(e)(i))? Where PAA, has the date-of-incurred-claim anchor been used (B72(e)(iii))?	3.14.4			
14.7	Has the disaggregation of Insurance Finance Income or Expense between	3.14.4			

	profit/loss and OCI been evaluated for consistency?				
14.8	Has any subsequent IRDAI directive or JEG guidance revising the prescribed source been considered?	3.14.6			
14.9	Have liquidity / illiquidity adjustments been evaluated for consistency with the contracts' characteristics?	3.14.2(iii)			

Part 15 — Procedures on cash flows and contract boundary

#	Question	Ref	Y/N/NA	WP ref	Comments
15.1	Has the contract boundary determination under paragraphs 33–35 and B61–B71	3.15.2			

	been evaluated?				
15.2	Have all cash flows within the contract boundary been included and all cash flows outside excluded?	3.15.3			
15.3	Have insurance acquisition cash flows been allocated systematically per paragraphs B35A– B35D?	3.15.4			
15.4	Have policyholder option / guarantee cash flows been included?	3.15.5			
15.5	Have currency translation effects on cash flows	3.15.6			

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	been evaluated?				

Part 16 — Procedures on reinsurance contracts held

#	Question	Ref	Y/N/NA	WP ref	Comments
16.1	Have reinsurance contracts held been measured under paragraphs 60–70A and B119C–B119F?	3.16.1			
16.2	Has the contract boundary for reinsurance held under paragraph 62 been evaluated?	3.16.3			
16.3	For multi-year reinsurance contracts (XOL / surplus / multi-year proportional), has PAA eligibility been individually justified per	3.16.7A(i)			

	paragraph 3.16.7A?				
16.4	Have cedant-side adaptations under paragraphs 69 / 70A been evaluated?	3.16.7A(ii)			
16.5	Has the RA on reinsurance held been verified as non-nil?	3.16.4			
16.6	Has reinsurance counterparty non-performance risk been recognised?	3.16.5			
16.7	Has external confirmation under SA 505 been coordinated with the Auditor for material counterparties?	3.16.6			

Part 17 — Procedures on disclosure

#	Question	Ref	Y/N/NA	WP ref	Comments
17.1	Have all disclosures required by paragraphs 93–132 of Ind AS 117 been evaluated?	3.17.2			
17.2	Has the disclosure checklist substantially in the form of Appendix D been completed?	3.17.4			
17.3	Has the policyholders' fund / shareholders' fund segregation under Section 11 of the Insurance Act + Master Circular been evaluated?	3.17.5(i)			
17.4	Has the parallel-reporting disclosure	3.17.5(ii)			

	under Schedule II during the transition period been verified?				
17.5	Has the equivalent confidence level been disclosed under paragraph 119 of Ind AS 117?	3.17.2(iii)			

Part 18 — Professional scepticism and documentation

#	Question	Ref	Y/N/NA	WP ref	Comments
18.1	Has professional scepticism been exercised throughout the engagement and documented?	3.18.1			
18.2	Has the Appointed Actuary's work been critically challenged?	3.18.3			
18.3	Have biases (anchoring,	3.18.4			

	automation, confirmation, groupthink, overconfidence) been recognised and mitigated?				
18.4	Has the overarching documentation requirement under paragraph 3.19.7 been complied with?	3.19.7			
18.5	Has the access asymmetry under paragraph 3.19.5 been observed (broad to Auditor; restricted to insurance company)?	3.19.5			

Part 19 — Independent recomputation

#	Question	Ref	Y/N/NA	WP ref	Comments
19.1	Has independent recomputation been performed for at least one material	3.20.1			

	group / measurement component?				
19.2	Have the recomputation results been reconciled to the Appointed Actuary's results, with differences explained?	3.20.2			
19.3	Has the recomputation methodology been documented?	3.20.3			

Part 20 — Subsequent events

#	Question	Ref	Y/N/NA	WP ref	Comments
20.1	Have subsequent events to the reporting date been identified and evaluated under SA 560?	3.21.1			
20.2	Have any IRDAI / JEG circulars /	3.21.2(iii)			

	guidance issued subsequently been evaluated?				
20.3	Have adjusting events been reflected in the financial statements?	3.21.3			

Part 21 — Audit of Ind AS 117 Transition

Part 21 is separated into a discrete Initial Application Addendum at the end of this Appendix H. The Auditing Actuary completes the Addendum only in the financial reporting period in which Ind AS 117 is first applied by the insurance company and, for the limited residual matters under paragraph 4.13, in subsequent reporting periods. In all other audit periods, Part 21 is recorded as N/A with the reason "transition complete; no residual matters".

#	Question	Ref	Y/N/NA	WP ref	Comments
21.1	Does the Initial Application Addendum apply to this engagement (transition first-year, or residual matters under paragraph 4.13	4.13			

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	continuing in the current period)? If yes, the Addendum may be completed in addition to this main checklist.				

Part 22 — Communications, disagreement escalation, fraud risks and compliance attestation

#	Question	Ref	Y/N/NA	WP ref	Comments
22.1	Has the Auditing Actuary's report substantially in the form of Appendix E been issued to the Auditor?	3.22; App. E			
22.2	Have all communications with the Auditor been documented?	3.22.4			
22.3	Have any disagreements been escalated under the structured pathway in	3.23; App. F			

	paragraph 3.23 (and the flowchart in Appendix F)?				
22.4	Has the Ind AS 117-specific fraud-risk catalogue under paragraph 3.6.8.2 (including (viii) RA diversification manipulation and (ix) PAA election to avoid onerous recognition) been considered?	3.6.8.2			
22.5	Has the compliance attestation under paragraph 3.24 been included in the report?	3.24			
22.6	Has the annual compliance report to the IAI under paragraph 3.24.4 been submitted	3.24.4			

	within the prescribed time?				
22.7	Has the completed Appendix H checklist been retained as part of the working papers for compliance attestation under paragraph 3.24.5?	3.24.5; App. H			
22.8	Has the completed Appendix I Annual Independence Confirmation been retained as part of the working papers?	3.2.10; App. I			

Overall conclusion (main checklist)

#	Question	Y/N/NA	Comments
OC.1	Have all material questions in Parts 1 to 20 and Part 22 been answered Y, or where N or N/A, has the reason been documented?		

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OC.2	Are the working papers retained in accordance with paragraph 3.19?		
OC.3	Has the report to the Auditor been issued?		
OC.4	Has the Auditing Actuary attested compliance with this IGN under paragraph 3.24?		
OC.5	Has the Annual Independence Confirmation under Appendix I been completed?		
OC.6	Where Part 21 applies, has the Initial Application Addendum been completed in full?		

Sign-off:

Role	Name	Signature	Date
Auditing Actuary	[name, FIAI]		
Engagement reviewer (where appointed)	[name]		

Initial Application Addendum — Audit of Ind AS 117 Transition (Section 4 of this IGN)

This Addendum is to be completed in addition to the main checklist where Ind AS 117 is first applied by the insurance company in the current financial reporting period, or where residual transition matters under paragraph 4.13 continue to apply.

#	Question	Ref	Y/N/NA	WP ref	Comments
T.1	Has the transition date been correctly identified?	4.1			
T.2	Has the transition approach (FRA / MRA / FVA) been elected for each group, and the election justified under paragraphs C3–C24B of Ind AS 117?	4.2; 4.3			
T.3	Has impracticability been demonstrated for each group not measured under the FRA?	4.3			
T.4	Have the FRA / MRA / FVA-specific procedures under paragraphs 4.4 / 4.5 been performed?	4.4; 4.5			
T.5	Has the opening	4.6			

	balance sheet at the transition date been verified for completeness and accuracy?				
T.6	Has the audit-evidence reconciliation (transition-only) under paragraph 4.11 been performed, with cross-reference to SA 510 and without any specific IRDAI form-number references?	4.11			
T.7	Have transition disclosures under paragraphs 114 / 116 of Ind AS 117 been verified?	4.7			
T.8	Has the comparative information for the immediately	4.8			

	preceding period been restated?				
T.9	Where required, has the Schedule IIA Independent Validation been considered as audit evidence under paragraph 4.9?	4.9			
T.10	Has any JEG-issued specification of the Independent Validation scope been considered (paragraph 4.9.1A)?	4.9.1A			
T.11	Where forbearance has been granted, has the Independent Actuary certification framework under paragraph	4.9.4A			

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	4.9.4A been addressed?				
T.12	Have first-year IT controls under paragraph 4.10 been evaluated in coordination with the auditor's IT specialist?	4.10			
T.13	Have residual transition matters under paragraph 4.13 been identified and addressed (CSM / IR continuing reconciliation; OCI cumulative amounts; new contracts to existing groups)?	4.13			

Overall conclusion (Initial Application Addendum)

#	Question	Y/N/NA	Comments
OC-T.1	Have all material transition questions been answered?		

OC-T.2	Has the transition working-paper file been retained?		
OC-T.3	Has the transition portion of the report to the Auditor been issued?		

Addendum sign-off:

Role	Name	Signature	Date
Auditing Actuary	[name, FIAI]		

Appendix H — Annual Independence Confirmation Template

This Appendix I is the recommended Annual Independence Confirmation Template. The Auditing Actuary who has elected to apply this IGN may complete this Template under paragraph 3.2.10 of this IGN, address it to the Auditor, communicate any significant identified threats to those charged with governance of the insurance company, and retain the completed Template as part of the working papers.

[On the letterhead of the actuarial firm]

Date: [DD-MMM-YYYY]

To: [Name of the Auditor / Audit Firm]

Subject: Annual Independence Confirmation in respect of the audit of [Name of the Insurance Company] for the financial year ending [DD-MMM-YYYY]

This confirmation is provided pursuant to paragraph 3.2.10 of the IAI Guidance Note on *Actuaries Supporting the Audit of Insurance Companies under Ind AS 117* (this "IGN").

Section A — Identification

Item	Detail
Insurance company	[name]
Financial reporting period	[DD-MMM-YYYY to DD-MMM-YYYY]
Audit Firm	[name]
Auditing Actuary individual	[name, FIAI, CoP no.]
Actuarial firm	[name]
Network firms within scope	[list]
Date of engagement letter	[DD-MMM-YYYY]

Section B — Conceptual-framework assessment

I confirm that I have applied the conceptual framework under paragraph 3.2.0 of this IGN, comprising the identification, evaluation and addressing of threats to independence across the five categories below, and that the level of each threat is at an acceptable level after the application of the safeguards (if any) summarised below.

Threat category	Threats identified (Y/N)	If Y, brief description	Safeguard applied	Acceptable-level conclusion (Y/N)
Self-interest				

Self-review				
Advocacy				
Familiarity				
Intimidation				

Section C — Specific independence declarations

I confirm the following in respect of each person specified in paragraph 3.2.6 of this IGN (the Auditing Actuary individual; the Auditing Actuary's spouse / spouse equivalent and dependent children; the actuarial firm and its partners and directors; the Audit Firm; network firms of either; and partners, directors and employees of either with influence over the engagement):

#	Declaration	Confirmation (Y/N)	Note
C.1	No direct financial interest is held in the insurance company or its group companies.		
C.2	No material indirect financial interest is held in the insurance company or its group companies.		
C.3	No prohibited loan or guarantee relationship under paragraph 3.2.6A exists.		
C.4	No material business relationship under paragraph 3.2.6B exists.		
C.5	No immediate-family member holds a		

	position with significant influence over the financial reporting or actuarial reporting at the insurance company.		
C.6	No prior service in any capacity with the insurance company within the cooling-off period under paragraph 3.2.4 exists, beyond what has been disclosed and evaluated.		
C.7	The Auditing Actuary individual has not exceeded three consecutive financial reporting periods as Auditing Actuary of the insurance company under paragraph 3.2.5.		
C.8	The actuarial firm has not exceeded three consecutive financial reporting periods as Auditing Actuary of the insurance company under paragraph 3.2.5.		

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C.9	No temporary personnel assignment to the insurance company under paragraph 3.2.7A creates an unacceptable independence threat.		
C.10	The fee-dependence proportion is within the threshold contemplated by paragraph 3.2.8 (or, where above the threshold, enhanced safeguards have been applied and TCWG informed).		
C.11	No prohibited non-assurance service under paragraph 3.2.9 has been provided by the Audit Firm, the actuarial firm or any network firm to the insurance company in the recent past or during the engagement.		
C.12	All non-assurance services provided to the insurance company or its group		

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	companies during the engagement period and the preceding three financial reporting periods have been disclosed in Schedule 1 below.		
C.13	All network firms within scope have been identified and have been confirmed independent under paragraph 3.2.9B.		
C.14	The Auditing Actuary is independent of the insurance company in mind and in appearance throughout the engagement period.		

Section D — Communications to those charged with governance

Where any answer in Section B or Section C is Y for "threats identified" or N for "confirmation", a description of the threat or non-confirmation, the safeguards applied, and the basis for any acceptable-level conclusion is set out in Schedule 2 below. The same has been communicated to those charged with governance of the insurance company.

Section E — Schedule 1 — non-assurance services and other engagements

Period	Service description	Provider (Audit Firm / actuarial firm / network firm)	Self-review threat? (Y/N)	Treatment

Section F — Schedule 2 — significant threats and safeguards

Threat	Description	Safeguard applied	Conclusion

Section G — Sign-off

I confirm that this Annual Independence Confirmation has been prepared in accordance with paragraph 3.2.10 of this IGN, and that the matters confirmed in Sections B and C above are correct and complete to the best of my knowledge and belief.

Role	Name	Signature	Date
Auditing Actuary	[name, FIAI, CoP no.]		
For the actuarial firm	[name]		