

**BEEMA SAMITI
(INSURANCE BOARD)**



INVESTMENT POLICY

(UNOFFICIAL TRANSLATION)

INVESTMENT CRITERIA OF LIFE INSURERS

Category of Investment	Investment Sector	Investment Percentage	Remarks
A.	Debentures of Govt. & Central Bank or Debenture/Saving Certificates guaranteed by Govt.	In any condition, not less than 25% of total investment should be invested in Category 'A'.	
B.	(1) Fixed Deposit of Commercial Bank	(1) In any condition, not less than 35% of total investment amount should be invested in FD of commercial banks. But it is not prevented to invest more than 65% in Category 'A'.	(1) Maximum of 20% of the total investment amount can be invested in the fixed deposit of the same commercial bank which has been in operation for at least 3 years and has done periodic audit and maximum of 5% of the total amount can be invested on the basis of appropriateness in case of the commercial bank which has not reached 3 years operation.
	(2) Fixed Deposit of Development Bank	(2) Not more than 15% of total investment amount.	(2) Maximum of 5% of the total investment amount can be invested in the fixed deposit of the same development bank which has been in operation for at least 3 years and has done periodic audit and maximum of 2% of the total amount can be invested on the basis of appropriateness in case of the development bank which has not reached 3 years operation.
	(3) Investment in Citizen Investment Trust (In Ekanki Nagarik Lagani Plan)	(3) Not more than 5% of total investment amount.	
Compulsory Investment (A+B)	As specified above	In any condition, not less than 75% of total investment amount.	
Optional Investment (C)	(1) Preference Shares (not transferable to ordinary shares), Secured Debentures & Other Debentures of commercial banks, development banks and finance companies	(1) Not more than 10% of total investment amount.	(1) Maximum 5% of total investment amount or 10% of the paid-up capital of banks or finance companies, whichever is lower can be invested in preference shares (not transferable to ordinary shares), secured debentures and other debentures of commercial banks or development banks or finance companies.
	(2) Fixed Deposit of Finance Company	Not more than 10% of total investment amount.	(2) Maximum of 3% of the total investment amount can be invested in the fixed deposit of the same finance company which has been in operation for at least 5 years and has done periodic audit and maximum of 1% of the total amount can be invested on the basis of appropriateness in case of the finance company which has not reached 5 years operation.
	(3) Ordinary Shares of Public Limited Company	Not more than 5% of total investment amount.	(3) 2% of total investment amount or 10% of the paid-up capital of the public limited company, whichever is lower can be invested in ordinary shares of public limited company.

INVESTMENT CRITERIA OF NON LIFE INSURERS

Category of Investment	Investment Sector	Investment Percentage	Remarks
A.	Debentures of Govt. & Central Bank or Debenture/Saving Certificates guaranteed by Govt.	In any condition, not less than 15% of total investment should be invested in Category 'A'.	
B.	(1) Fixed Deposit of Commercial Bank	(1) In any condition, not less than 35% of total investment amount should be invested in FD of commercial banks.	(1) Maximum of 20% of the total investment amount can be invested in the fixed deposit of the same commercial bank which has been in operation for at least 3 years and has done periodic audit and maximum of 5% of the total amount can be invested on the basis of appropriateness in case of the commercial bank which has not reached 3 years operation.
	(2) Fixed Deposit of Development Bank	(2) Not more than 20% of total investment amount.	(2) Maximum of 5% of the total investment amount can be invested in the fixed deposit of the same development bank which has been in operation for at least 3 years and has done periodic audit and maximum of 2% of the total amount can be invested on the basis of appropriateness in case of the development bank which has not reached 3 years operation.
	(3) Investment in Citizen Investment Trust (In Ekanki Nagarik Lagani Plan)		
Compulsory Investment (A+B)	As specified above	In any condition, not less than 65% of total investment amount.	
Optional Investment (C)	(1) Preference Shares (not transferable to ordinary shares), Secured Debentures & Other Debentures of commercial banks, development banks and finance companies	(1) Not more than 10% of total investment amount.	(1) Maximum 5% of total investment amount or 10% of the paid-up capital of banks or finance companies, whichever is lower can be invested in preference shares (not transferable to ordinary shares), secured debentures and other debentures of commercial banks or development banks or finance companies.
	(2) Fixed Deposit of Finance Company	Not more than 15% of total investment amount.	(2) Maximum of 3% of the total investment amount can be invested in the fixed deposit of the same finance company which has been in operation for at least 5 years and has done periodic audit and maximum of 1% of the total amount can be invested on the basis of appropriateness in case of the finance company which has not reached 5 years operation.
	(3) Ordinary Shares of Public Limited Company or Public Limited Housing Company	Not more than 5% of total investment amount.	(3) 2% of total investment amount or 10% of the paid-up capital of the public limited company, whichever is lower can be invested in ordinary shares of public limited company.
	(4) Ordinary Shares of Public Limited Company (except above mentioned)	Not more than 5% of total investment amount.	(4) 2% of total investment amount or 10% of the pre-paid capital of the public limited company, whichever is lower can be invested in ordinary shares of public limited company.

Whatever is mentioned above, Insurer needs to follow as below for investment:

1. In case of term investment, upon maturity, reinvestment should be done as specified above.
2. If debentures of Govt. and Central Bank or debentures/saving certificates guaranteed by Govt. are not available, remaining part of investment to be made in those sectors should be invested in FD of commercial banks and same should be informed to Insurance Board.
3. In case of every new investment and renewal of investment, specified limitations should be followed.
4. Investment should be made for overall benefit of the Insurer.
5. While determining the amount to be invested in FD of banks, the amount deposited in the Call Deposit or any other interest bearing account of the bank should also be counted.
6. While investing as per Insurance Board's directives, it should be done conscientiously and failure to do so will hold the Board of Directors as responsible.
7. Banks scheduled by Nepal Rastra Bank of not having sufficient liquidity should not be invested and should be withdrawn the past investment in those institutions