**Specific directives of IRDA in regard to ensuring risk management aspects:**
IRDA has recently instructed the insurers to follow the under noted guidelines on Investment Risk Management:
Besides, the following Corporate Governance norms also find place in Insurance Industry though in spirit not in letter for absolute mitigation of various financial risks that do exists in the operation of Life Insurance Companies:

**1. A) Financial Reporting and Disclosure:**
Where in preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in financial statements, together with the management’s explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction in Corporate Governance Report.

**Accounting Standards applicable to Enterprises carrying on Insurance Business are:**
AS 1 – Disclosure of Accounting Policies.
AS 3 – Cash Flow Statement.
AS 4 – Contingencies and/or events occurring after the Balance Sheet date.
AS 5 – Prior Period Items and changes in accounting Policies.
AS 6 – Depreciation Accounting.
AS 10 – Accounting, Disclosure & Revaluation of Fixed Assets
AS 11 – Accounting for the effects of changes in Foreign Exchange Rates
AS 13 – Accounting for Investment
AS 15 – Accounting for Retirement Benefits in the Financial Statements of Employees
AS 17 – Segment Reporting
AS 18 – Related Party Disclosures
AS 22 – Accounting for Taxes on income
AS 26 – Recognition and Accounting of Intangible Assets
AS 28 – Impairment of Assets.
AS 29 – Provisions, Contingent Liabilities & Contingent Assets.

Mandatory risk management requirement compliance by life insurers:
1. Disclosure about risk management process: Risk identification results:
Like involvement of –
a. Political Risk.

b. Business Risks: Like –
i. Client construction;
ii. Credit Control;
iii. Geographical Risks;
iv. Economic Risks;
v. Technology Risks

c. Financial Risks: Like –
i. Liquidity;
ii. Leverage;
iii. Foreign Currency Fluctuation.

d. Legal & Statutory Risks: Like –
i. Legal & Statutory Risks;
ii. Contractual Risks;
iii. Statutory Compliance.

e. Management Risks: Like –
i. Human Resources Management and enhancement
ii. Internal up gradation.
iii. Internal Control System.
iv. Disaster Recovery Plans.

**Concern & control of identified risks & risk mitigation:**Every LIFE INSURANCE company has built up a Risk inventory of all the identified risks cutting across its various business units. The risks have been prioritized through a company-wise exercise.

Members of senior management have undertaken the ownership of the top risks of the company and work on mitigating the same. The company has adopted risk management policies commensurate with the size and requirements of business to manage risks in different following mentioned categories:
a. Political;
b. Foreign Exchange;
c. Credit Risks;
d. Operation Risk : Technical;
e. Operation Risk : Management;
f. Market;
g. Environment.