

Flash Alert

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Flexibility in Investment of Insurance Companies

The Nepal Insurance Authority (NIA) has recently revised its investment directives, expanding the investment scope for life insurance, non-life insurance, and micro insurance companies. The NIA introduced several amendments, including the Investment Directives of Life Insurers (Second Amendment) 2080, Investment Directives of Non-Life Insurers (First Amendment) 2080, Investment Directives of Micro Life Insurers (First Amendment) 2080, Investment Directives of Micro Non-Life Insurers (First Amendment) 2080, and Investment Directives of Reinsurers (First Amendment) 2080.

Under the updated directives, insurance companies are now permitted to invest up to 15% of their insurance fund, a significant increase from the previous limit of 5%. Additionally, these companies are now authorized to broaden their investments in shares of companies licensed by the Securities Board of Nepal (SEBON) and listed on the Nepal Stock Exchange (NEPSE).

Furthermore, life insurance, non-life insurance, and reinsurance companies can invest a maximum of 1.5% of their total investment in equity funds and venture capital funds licensed by SEBON, as outlined in the Specialized Investment Fund Regulations. However, there are certain restrictions, such as not exceeding 1% investment in a single fund. Any investments outside the prescribed areas in the directives or exceeding the specified limits require prior approval from the NIA.

For Investment Directives of Life Insurers (Second Amendment) 2080 [click here](#)

For Investment Directives of Non-Life Insurers (First Amendment) 2080 [click here](#)

For Investment Directives of Micro Life Insurers (First Amendment) 2080 [click here](#)

For Investment Directives of Micro Non-Life Insurers (First Amendment) 2080 [click here](#)

For Investment Directives of Reinsurers (First Amendment) 2080 [click here](#)

PKF Comment

This flexibility brought by NIA has opened ways to expand investment in the shares of companies licensed by SEBON and listed on the NEPSE.

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