

IRDA (Treatment of discontinued Unit Linked Policies) Regulations 2010

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Highlighted below are some of the regulatory changes introduced for unit-linked insurance plans (ULIPs):

- The lock-in period for ULIPs (and any rider issued with a ULIP) has been increased from 3 to 5 years.
- The grace period for all ULIPs will be 15 days for monthly premium modes and 30 days for all other modes of premium payment.
- The guaranteed sum assured under a ULIP will be at least 105% of the total premium paid.
- All pension and annuity products will provide a guaranteed return of 4.5%.

In terms of provisions for discontinuance of premium, all ULIPs will provide that:

- On the expiry of the grace period, the policyholder may either withdraw the policy completely or revive it.
- If the policyholder decides to withdraw the policy on discontinuance of premium
 - (a) in the first 5 years, the proceeds will be deposited in a specific discontinuance fund and will be payable (with minimum interest of 3.5%) only on the expiry of the first 5 policy years; or
 - (b) after the first 5 policy years, the proceeds will be paid to the policyholder.

The same provisions apply for surrender of the ULIP.

For further information on this topic please contact Tuli & Co by telephone

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