

Clarification on Group Insurance Guidelines

5 January 2011

By way of an update, the IRDA has issued a circular of 4th January 2011 deleting the following provision in Clause C4 of the IRDA's Guidelines on Group Insurance Policies of 14th July 2005:

If the Group Manager wishes to collect a service charge from the members to cover his costs, he should clearly disclose it as an additional cost and not as premium, in his communication to his members.

In addition, the group organiser/group manager is prohibited from collecting any amount other than the insurance premium payable to the Insurers with regard to the underlying group insurance policy.

These changes have been stated to have been made with the objective of lowering the ultimate costs of insurance to the insured members of the group insurance policy.

This circular will come into effect from 1st April 2011.

For further information on this topic please contact Tuli & Co

Tel +91 11 2464 0906, fax +91 2464 0904 or email lawyers@tuli.biz

www.tuli.biz