

## **IRDA's Circular on File and Use Procedure for Non-Life Insurers**

7 January 2011

The IRDA has issued a circular on 6<sup>th</sup> January 2011 to all General Insurers specifying that whenever an insurance product is cleared under the F&U procedure, the Insurer should market the product '*strictly in accordance with the terms and conditions and other features of the product*' as cleared by the IRDA.

Under the F&U procedure, Insurers are required to mention a range within which the premium rates would vary. The Circular specifies that it has come to the notice of the IRDA that some Insurers offer premium rates outside the range filed with the IRDA or offer discounts in premium or offer enhanced benefits without charging any premium. This is described as an 'unhealthy practice' which besides attracting regulatory action will impact the financials of the Insurer and ultimately affect the interests of the policyholders and shareholders. Insurers are to ensure that no premium quotation is given outside the range filed with the IRDA or at a rate not approved by the underwriters and appointed actuary.

All CEOs of the General Insurers are to acknowledge this Circular and 'respond as required' within ten days of receipt of the Circular.

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

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