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**THE INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY OF INDIA
(ACQUISITION OF SURRENDER AND PAID
UP VALUES) REGULATIONS, 2015¹**

[16th September, 2015]

In exercise of the powers conferred under section 114(A) of the Insurance Act, 1938 read with Section 26 of Insurance Regulatory and Development Authority Act, 1999, the Authority in consultation with the Insurance Advisory Committee, hereby makes the following Regulations for Acquisition of Surrender and Paid Up Values under Life Insurance Policies.

1. Short title and commencement.—(a) These Regulations shall be called Insurance Regulatory and Development Authority of India (Acquisition of Surrender and Paid Up Values) Regulations, 2015.

(b) The above Regulations shall come into force on the date² of its publication in the official Gazette and shall be applicable to all the products offered by the life insurers which are approved by the Authority after the date of notification of these regulations.

(c) The Authority may issue separate instructions for withdrawing the products which are not in compliance with these regulations but are currently offered by the life insurers and which are approved by the Authority prior to the date of notification of these regulations.

(d) Unless otherwise provided by these regulations, nothing in these regulations shall deem to invalidate the insurance policies issued prior to these regulations coming into force.

2. Definitions.—In these Regulations, unless the context otherwise requires:—

(a) "Act" means the Insurance Act, 1938 (4 of 1938);

(b) "Authority" means the Insurance Regulatory and Development Authority of India established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999);

(c) "Sum Assured on Death" means an absolute amount of benefit which is guaranteed to become payable on death of the life assured in accordance with the terms and conditions of the policy excluding reversionary bonus and guaranteed additions, if any;

(d) "Sum Assured on Maturity" means an absolute amount of benefit which is guaranteed to become payable on maturity of the policy in

1. *Vide* Notification F. No. IRDAI/Reg./15/105/2015, dated 16th September, 2015, published in the Gazette of India, Extra., Pt. III, Sec. 4, No. 323, dated 22nd September, 2015.

2. Came into force on 22-9-2015.

accordance with the terms and conditions of the policy excluding reversionary bonus and guaranteed additions, if any;

- (e) "Surrender" means complete withdrawal or termination of the entire policy;
- (f) "Surrender Value" means an amount, if any, that becomes payable in case of surrender in accordance with the terms and conditions of the policy;
- (g) All words and expressions used herein and not defined in these Regulations but defined in Insurance Act, 1938 or Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) or in any Rules or Regulations made thereunder, shall have the meanings respectively assigned to them in those Acts or Rules or Regulations.

3. Surrender Value and Paid-Up Value under insurance policies offered by Life insurers.—(a) Every policy offered by life insurer under a linked platform—

- (i) Shall provide surrender value in accordance with Insurance Regulatory and Development Authority (Linked Insurance Products) Regulations, 2013, as amended from time to time.
- (ii) Shall comply with all the provisions related to surrender or discontinuance in accordance with the Insurance Regulatory and Development Authority (Linked Insurance Products) Regulations, 2013, as amended from time to time.

(b) Every policy offered by life insurer under a non-linked platform—

- (i) Shall provide surrender value in accordance with the Insurance Regulatory and Development Authority (Non Linked Insurance Products) Regulations, 2013, as amended from time to time.
- (ii) Shall comply with all the provisions related to surrender in accordance with the Insurance Regulatory and Development Authority (Non Linked Insurance Products) Regulations, 2013, as amended from time to time.
- (iii) Which has acquired a surrender value shall not lapse by reason of non-payment of further premiums but shall be kept in force to the extent of paid up sum assured and the subsisting reversionary bonuses including guaranteed additions, if any.
- (iv) The paid up sum assured' in 3(b)(iii) shall be calculated by means of a formula as approved by the Authority, and contained in the terms and conditions of the policy.
- (v) For policies wherein the amount of premium payable are fixed and are of uniform amount, the paid up sum assured (before inclusion of reversionary bonuses or the guaranteed additions, if any)—
 1. On death shall not be less than the *ratio* of the total period for which premiums have already been paid bears to the maximum

- period for which premiums were originally payable *multiplied* by the sum assured on death.
2. On maturity shall not be less than the *ratio* of the total period for which premiums have already been paid bears to the maximum period for which premiums were originally payable *multiplied* by the sum assured on maturity.
 3. Adjustment shall be made to the paid up sum assured calculated as above on account of survival benefits paid, if any.
- (vi) For policies other than as mentioned in 3(b)(v) above, the Authority may approve a different formula for calculation of paid up sum assured.
- (vii) The Regulation 3(b)(iii) above shall not apply,
- (a) Where the paid up sum assured of the policy exclusive of attached bonuses and the guaranteed additions, if any, (under other than Micro Insurance and Health Insurance Business) is less than Rupees One Thousand Two Hundred and Fifty.
 - (b) Where the paid up sum assured of the policy exclusive of attached bonuses and the guaranteed additions, if any (under Micro Insurance and Health Insurance Business) is less than Rupees One Hundred.
 - (c) Where paid up sum insured takes the form of an annuity of less than Rupees Two Hundred Fifty per month.
4. A life insurance policy may be terminated after expiry of revival period by paying the surrender value if the paid up sum assured of the policy is less than as specified under 3(b)(vii) above.
5. The Authority may issue instructions for payment of surrender value under extraordinary circumstances.
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