



IRDAI/LIFE/CIR/MISC/169/03/2020

6th March, 2020

**Clarifications/Modifications to the Master Circular on Point of Sales Products and Persons
– Life Insurance dated 2nd December, 2019**

After examining the requests of certain Life Insurers and representation of Life Insurance Council on the Master Circular on Point of Sales Products and Persons – Life Insurance (hereinafter referred to as “Master Circular”) ref No. IRDAI/LIFE/CIR/MISC/215/12/2019 dated 2nd December, 2019, the following clarifications/modifications are issued by exercising the powers vested under Clause 27 of the Master Circular with immediate effect.

1. Clause 26 of the Master Circular is substituted by the following:

In cases of other than Single Premium mode, where premium paying term (PPT) is different from the policy term (PT) –

- (i) PPT shall not be less than five years.
- (ii) The PPT being different from policy term shall be clearly communicated to the prospect at the Point of Sale and in KFD.

2. Clause 16 of the Master Circular is substituted by the following:

16.1 The existing Non-POS products which meet the parameters of the allowed categories of POS Life Insurance products may be filed, subject to the boundary conditions as applicable to POS Life products, under existing provisions of “minor modification”, enclosing KFD. The Waiting Period clause, if applicable, shall continue to be made part of proposal form as well as KFD. The minor modification should also contain the certificate of CEO and Appointed Actuary of the Life Insurer that the existing product meets the applicable parameters mentioned in the Annexure II to the Master Circular.

16.2 The Insurers shall ensure adequate IT systems and internal controls so that POSP-LI sell policies only upto the allowed POS Life product parameters. IT systems shall also capture the POS Life policies sold through regular non-POS channels. Insurers shall submit a certificate stating that their existing IT systems and internal controls are in compliance to these Guidelines, signed by CEO and Appointed Actuary both in the case of minor modifications and File and Use application in case of new products where POSP-LI is also part of distribution channel. No change in POS Agency Code should be allowed once the policy master record is created except for orphan policies in which case change may be allowed after following due process.

16.3 The gap of at least one year from the last approval/modification of the product mentioned in the Circular “Use and File procedure for certain modifications under existing products and riders offered by Life Insurers” bearing No. 124 dated 26th July, 2019 is not applicable to these Circular provisions.

16.4 The Insurers may continue to offer existing POS products till March 2020 and ensure appropriate systems and sales readiness prior to modifications of the existing Non-POS products.

3. The Maturity Benefit mentioned in Annexure II (b) of the Master Circular (under Non-Liked, Non-Participating Endowment Product) to be read as "Guaranteed Maturity Benefit in absolute amount".

4. In Annexure-V of the Master Circular, signature of Chief Compliance Officer is substituted for that of AA and CEO.

5. Monthly review of complaints of Unfair Business Practices and mis-selling for business completed through this Channel must be done and corrective action initiated.


(K. Ganesh)

Member (Life)