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बीमा विनियामक और विकास प्राधिकरण  
अधिसूचना

हैदराबाद, 10 नवम्बर, 2005

बीमा विनियामक और विकास प्राधिकरण (सूक्ष्म बीमा) विनियमन, 2005

फा. सं. आईआरडीए/एमआई/3/2005.— प्राधिकरण, बीमा अधिनियम, प्राधिकरण, बीमा अधिनियम, 1938 (1938 का 4) की धारा 26 और 114 क द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, बीमा विनियामक और विकास प्राधिकरण अधिनियम 1999 (1999 की 41) प्राधिकरण बीमा सलाहकार समिति से सलाह लेते हुए, यहाँ निम्नलिखित विनियमन बनाये गये हैं, अर्थात् :-

**संक्षिप्त नाम और प्रारंभ** - (1) इन विनियमों का संक्षिप्त नाम बीमा विनियामक और विकास प्राधिकरण (सूक्ष्म बीमा) विनियमन 2005 है।

(2) ये राजपत्र में प्रकाशन की तारीख को प्रवृत्त होंगे।

**2. परिभाषाएं** - इन विनियमों में, जब तक कि संदर्भ से अन्यथा अपेक्षित न हो,-

(क) 'अधिनियम' से बीमा अधिनियम, 1938 (1938 का 4) अभिप्रेत है ;

(ख) 'प्राधिकरण' से बीमा विनियामक और विकास प्राधिकरण अधिनियम 1999 (1999 का 41) की धारा 3 की उपधारा (1) के अधीन स्थापित बीमा विनियामक और विकास प्राधिकरण अभिप्रेत है ;

(ग) 'परिवार' परिवार से अभिप्रायः उस इकाई से है जिसमें पति, पत्नी, आश्रित अभिव्यक्त, तथा अधिकतम तीन संतान शामिल हैं।

इस प्रावधान के साथ कि यदि तीन से अधिक संतान की संख्या हो तो 'उपरोक्त' के अन्तर्गत

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY  
NOTIFICATION

Hyderabad, the 10th November, 2005

**Insurance Regulatory and Development Authority (Micro-Insurance) Regulations, 2005**

**F. No. IRDA/MI/3/2005:**—*In exercise of the powers conferred by Section 114A of the Insurance Act, 1938 (4 of 1938) read with Section 26 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), the Authority, in consultation with the Insurance Advisory Committee, hereby makes the following regulations, namely:-*

**Short title and commencement.**— (1) These regulations may be called the Insurance Regulatory and Development Authority (Micro-insurance) Regulations, 2005.

(2) They shall come into force from the date of their publication in the Official Gazette.

**2. Definitions.**— In these regulations, unless the context requires otherwise-

- (a) “Act” means the Insurance Act, 1938 (4 of 1938);
- (b) “Authority” means the Insurance Regulatory and Development Authority established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999);
- (c) “family” means a unit comprising of husband, wife, dependant parents and a maximum of three children.

Provided that where the number of children is more than three, for construing the composition of family as aforesaid, the first three children shall be included.

Provided further that an insurer may, within the aforesaid parameters laid down for the composition of the family, define ‘family’ as per the requirements of the individual or group.

- (d) “general micro-insurance product” means any health insurance contract, any contract covering the belongings, such as, hut, livestock or tools or instruments or any personal accident contract, either on individual or group basis, as per terms stated in Schedule-I appended to these regulations;

- (e) "life micro-insurance product" means any term insurance contract with or without return of premium, any endowment insurance contract or health insurance contract, with or without an accident benefit rider, either on individual or group basis, as per terms stated in Schedule-II appended to these regulations;
- (f) "micro-insurance agent" means.- (i) a Non-Government Organisation (NGO); or (ii) a Self Help Group (SHG); or (iii) a Micro-Finance Institution (MFI), who is appointed by an insurer to act as a micro-insurance agent for distribution of micro-insurance products.

*Explanation:-* For the purposes of these regulations.-

(I) *Non-Government Organisation (NGO)* means a non-profit organization registered as a society under any law, and has been working at least for three years with marginalized groups, with proven track record, clearly stated aims and objectives, transparency, and accountability as outlined in its memorandum, rules, by-laws or regulations, as the case may be, and demonstrates involvement of committed people.

(II) *Self Help Group (SHG)* means any informal group consisting of ten to twenty or more persons and has been working at least for three years with marginalized groups, with proven track record, clearly stated aims and objectives, transparency, and accountability as outlined in its memorandum, rules, by-laws or regulations, as the case may be, and demonstrates involvement of committed people.

(III) *Micro-Finance Institution* means any institution or entity or association registered under any law for the registration of societies or co-operative societies, as the case may be, *inter alia*, for sanctioning loan/finance to its members.

- (g) "micro-insurance policy" means an insurance policy sold under a plan which has been specifically approved by the Authority as a micro-insurance product;
- (h) "micro-insurance product" includes a general micro-insurance product or life insurance product, proposal form and all marketing materials in respect thereof;
- (i) all words and expressions used herein and not defined but defined in the Insurance Act, 1938 (4 of 1938), or in the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) or in any Rules or Regulations made there under shall have the meanings respectively assigned to them in those Acts or Rules or Regulations.

**3. Tie-up between life insurer and non-life insurer.-** (1) An insurer carrying on life insurance business may offer life micro-insurance products as also general micro-insurance products, as provided herein.

Provided that where an insurer carrying on life insurance business offers any general micro-insurance product, he shall have a tie-up with an insurer carrying on general insurance business for this purpose, and subject to the provisions of section 64VB of the Act, the premium attributable to the general micro insurance product may be collected from the prospect (proposer) by the insurer carrying on life insurance business, either directly or through any of the distributing entities of micro-insurance products as

specified in regulation 4, and made over to the insurer carrying on general insurance business.

Provided further that in the event of any claim in regard to general micro-insurance products, the insurer carrying on life insurance business or the distributing entities of micro-insurance products, as the case may be, as may be specified in the tie-up referred to in the first proviso, shall forward the claim to the insurer carrying on general insurance business and offer all assistance for the expeditious disposal of the claim.

(2) An insurer carrying on general insurance business may offer general micro-insurance products as also life micro-insurance products, as provided herein.

Provided that where an insurer carrying on general insurance business offers any life micro-insurance product, he shall have a tie-up with an insurer carrying on life insurance business for this purpose, and subject to the provisions of section 64VB of the Act, the premium attributable to the life micro insurance product may be collected from the prospect (proposer) by the insurer carrying on general insurance business, either directly or through any of the distributing entities of micro-insurance products as specified in regulation 4, and made over to the insurer carrying on life insurance business.

Provided further that in the event of any claim in regard to life micro-insurance products, the insurer carrying on general insurance business or the distributing entities of micro-insurance products, as the case may be, as may be specified in the tie-up referred to in the first proviso, shall forward the claim to the insurer carrying on life insurance business and offer all assistance for the expeditious disposal of the claim.

**4. Distribution of micro-insurance products.-** In addition to an insurance agent or corporate agent or broker licensed under the Act, read with the regulations concerned made by the Authority for licensing of individual or corporate agents, or insurance brokers, as the case may be, micro-insurance products may be distributed through the micro-insurance agents.

Provided that a micro-insurance agent shall not distribute any product other than a micro-insurance product.

**5. Appointment of micro-insurance agents.-** (1) A micro-insurance agent shall be appointed by an insurer by entering into a deed of agreement, which shall clearly specify the terms and conditions of such appointment, including the duties and responsibilities of both the micro-insurance agent and the insurer.

Provided that before entering into every such agreement, the same shall be got approved by the head office of the insurer.

(2) A micro-insurance agent shall not work for more than one insurer carrying on life insurance business and one insurer carrying on general insurance business.

(3) The deed of agreement referred to in sub-regulation (1) shall specifically authorize the micro-insurance agent to perform one or more of the following additional functions, namely:

- a) collection of proposal forms;
- b) collection of self declaration from the proposer that he/she is in good health;
- c) collection and remittance of premium;
- d) distribution of policy documents;
- e) maintenance of register of all those insured and their dependants covered under the micro-insurance scheme, together with details of name, sex, age, address, nominees and thumb impression/ signature of the policyholder;
- f) assistance in the settlement of claims;
- g) ensuring nomination to be made by the insured;
- h) any policy administration service.

(4) The micro-insurance agent or the insurer shall have the option to terminate the agreement referred to in sub-regulation (1), after giving a notice of three months by the party intending to terminate the agreement.

Provided that no such notice shall be necessary, where the termination is on account of any misconduct or indiscipline or fraud committed by the micro-insurance agent.

**6. Employment of specified persons by micro-insurance agents.-** A micro-insurance agent shall employ specified persons with the prior approval of the insurer for the purpose of discharging all or any of the functions stated in sub-regulation (3) of regulation 5.

Provided that corporate agents and insurance brokers procuring micro-insurance business shall continue to be governed by the Insurance Regulatory and Development Authority (Licencing of Corporate Agents) Regulations, 2002, and Insurance Regulatory and Development Authority (Insurance Brokers) Regulations, 2002, as the case may be.

**7. Code of conduct of Micro insurance agents.-** (1) Every micro-insurance agent and specified person employed by him shall abide by the code of conduct as laid down in Regulation 8 of the Insurance Regulatory and Development Authority (Licensing of Insurance Agents) Regulations, 2000, and the relevant provisions of Insurance Regulatory and Development Authority (Insurance Advertisements and Disclosure) Regulations, 2000.

Provided that the insurer shall ensure compliance of the code of conduct, advertisements and disclosure norms by every micro-insurance agent.

(2) Any violation by a micro-insurance agent of the code of conduct and/or advertisement or disclosure norms as aforesaid shall lead to termination of his appointment, in addition to penal consequences for breach of code of conduct and/or advertisement or disclosure norms pursuant to the provisions of sub-regulation (1).

**8. Filing of micro-insurance product design.-** (1) Every insurer shall be subject to the "file and use" procedure with respect to filing of micro-insurance products with the Authority.

(2) Every micro-insurance product which is cleared by the Authority for the purpose of micro insurance shall prominently carry the caption "Micro Insurance Product".

**9. Issuance of micro-insurance policy contracts.-** (1) Every insurer shall issue insurance contracts to the individual micro-insurance policyholders in the vernacular language which is simple and easily understood by the policyholders.

Provided that where issuance of policy contracts in the vernacular language is not possible, the insurer shall as far as possible issue a detailed write-up about the policy details in the vernacular language.

(2) Every insurer shall issue insurance contracts to the group micro-insurance policyholder in an unalterable form along with a schedule showing the details of individuals covered under the group, and also issue a separate certificate, to each such individual evidencing proof of insurance, containing details of validity period of cover, name of the nominee, and addresses of the underwriting office and the servicing office, where both offices are not the same.

**10. Underwriting.** - No insurer shall authorize any micro-insurance agent or any other outsider to underwrite any insurance proposal for the purpose of granting insurance cover.

**11. Capacity Building:** - Every insurer shall impart at least twenty-five hours of training at its expense and through its designated officer(s) in the local vernacular language to all micro-insurance agents and their specified persons in the areas of insurance selling, policyholder servicing and claims administration.

**12. Remuneration/ commission.-** (1) A micro-insurance agent may be paid, remuneration for all the functions rendered as outlined in regulation 5 and including commission, by an insurer, and that the same shall not exceed the limits as stated below:

*(a) For Life Insurance Business:*

Single Premium policies	- Ten per-cent of the single premium
Non single premium policies	- Twenty per cent of the premium for all the years of the premium paying term

*(b) For Non-Life Insurance Business: Fifteen per cent of the premium.*

(2) Where the agreement between the micro-insurance agent and insurer is terminated for any reason whatsoever, no future commission/ remuneration shall be payable.

(3) For group insurance products, the insurer may decide the commission subject to the overall limit as specified in sub-regulation (1).

**13. Overall compliance.-** Every insurer shall ensure that all transactions in connection with micro-insurance business are in accordance with the provisions of the Act, the Insurance Regulatory and Development Act, (41 of 1999), and the rules and regulations made there under.

**14. Submission of information.-** Every insurer shall furnish information in respect of micro-insurance business in such form and manner and containing such particulars, as may be required by the Authority from time to time.

**15. Obligations to Rural and Social Sectors.-** (1) All micro-insurance policies may be reckoned for the purposes of fulfillment of social obligations by an insurer pursuant to the provisions of the Act and the regulations made there under.

(2) Where a micro-insurance policy is issued in a rural area and falls under the definition of social sector, such policy may be reckoned for both under rural and social obligations separately.

**16. Handling of complaints/ grievances.-** (1) It shall be the responsibility of the insurer to handle and dispose of complaints against a micro-insurance agent with speed and promptitude.

(2) Every insurer shall send a quarterly report to the Authority regarding the handling of complaints/grievances against the micro-insurance agents and where in a particular quarter, there are no complaints/grievances, a "Nil" report shall be sent.

**17. Inspection by Authority.-** The Authority may cause inspection of the office and records of any micro-insurance agent, at any time, if it is deemed necessary.

**18. Removal of difficulties.-** Where any doubt or difficulty arises in giving effect to the provisions any of these regulations, the same may be referred to the Authority, whose decision thereon shall be binding on the parties concerned.

#### Schedule-I

[See regulation 2(d)]

Item	Type of Cover	Min. Amount of Cover	Max. Amount of Cover	Term of Cover Min.	Term of Cover Max.	Min. Age at entry	Max. age at entry
1	Dwelling & contents, or livestock or Tools or implements or other named assets / or Crop insurance against all perils	Rs. 5,000 Per asset/ cover	Rs. 30,000 Per asset/ cover	1 year	1 year	NA	NA
2	Health Insurance Contract (Ind.)	Rs. 5,000	Rs. 30,000	1 year	1 year	Insurers' discretion	
3	Health Insurance Contract (family) (Option to avail limit for Individual/ Float on family)	Rs. 10,000	Rs. 30,000	1 year	1 year	Insurers' discretion	
4	Personal Accident (per life/ earning member of family)	Rs. 10,000	Rs. 50,000	1 year	1 year	5	70

*Note:- The minimum number of members comprising a group shall be at least twenty for group insurance.*

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**Schedule-II**  
[See regulation 2(e)]

Type of Cover	Minimum Amount of Cover	Maximum Amount of Cover	Term of Cover Min.	Term of Cover Max.	Minimum age at entry	Maximum age at entry
Term Insurance with or without return of premium	Rs. 5,000	Rs. 50,000	5 year	15 years	18	60
Endowment Insurance	Rs. 5,000	Rs. 30,000	5 year	15 years	18	60
Health Insurance Contract (Individual)	Rs 5,000	Rs. 30,000	1 year	7 year	Insurer's discretion	Insurer's discretion
Health Insurance Contract (Family)	Rs 10,000	Rs 30,000	1 year	7 year	Insurer's discretion	Insurer's discretion
Accident Benefit as rider	Rs. 10,000	Rs. 50,000	5 year	15 years	18	60

- Notes: 1. Group insurance products may be renewable on a yearly basis  
2. The minimum number of members comprising a group shall be at least twenty for group insurance.

C. S. RAO, Chairman  
[ADVT III/IV/161/2005/Exty.]