

Circular

All life and non-life insurers

Sub: Obligation of insurers to rural and social sectors

As you are aware, the IRDA (Obligations of insurers to rural or social sectors) Regulations, 2002 lay down the obligations of insurers (registered post opening up of the sector) for the first five years of their operations. Further, IRDA vide Circular No. IRDA/F&A/012/2005-06 dated 8th June, 2005 had as an interim measure stipulated the obligations for the sixth year of operations as under:

- 1) In respect of life insurers, eighteen per cent of the total policies written direct shall be in the rural sector.
- 2) In respect of the non-life insurers, five per cent of the total gross premium income written direct shall be in the rural sector and
- 3) In respect of all insurers, twenty five thousand new lives shall be covered in the social sector and the policies should be in force on 31st March of the year.

While the Authority is in the process of reviewing the extent of obligations beyond the sixth year, some of the insurers have entered in the seventh year of operations in the FY 2006-07. It is hereby directed that in respect of such companies, the seventh year obligations would continue to be as applicable to them in the sixth year of operations.

These instructions are applicable only for the FY 2006-07.

In respect of public sector insurers, the stipulations as contained at Clause 4 of the Regulations shall continue to be in force for the FY 2006-07.

All insurers are required to take note for compliance.

(C. S. Rao)
Chairman