

To

ALL LIFE INSURANCE COMPANIES

Money Market Instruments in Unit Linked Products

CIRCULAR NO: 053/IRDA/Actl/ULIP_G/February-07

Dated: 20/02/07

1. This has reference to the Guidelines for Unit Linked Life Insurance Products, in particular, PART-I, PARA 12.2 of CIRCULAR NO: 032/IRDA/Actl/Dec-2005 Dated: 21/12/05 issued by the Authority.
2. In this context, as of now money market instruments cannot exceed 20% of the total fund (for each policyholder). In order to enhance the flexibility in the operation of Unit Linked Products, it has been decided to enhance the share of money market instruments to 40% from the existing 20% with effect from 20/02/2007. Insurers are required to ensure that at no point of time during the currency of the fund, the share of money market instrument does not exceed this percentage.
3. In this regard, Insurers shall ensure that
 - i. The policyholders/potential policyholders, who would like to buy linked life insurance products, are duly educated regarding the implications of investment in money market instruments.
 - ii. All documents, including the sales literature shall explain the implications of investment in money market instruments.



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