

## **Adhere to guidelines governing business of micro insurance, Irda tells LIC**

The Insurance Regulatory and Development Authority (Irda) has asked the Life Insurance Corporation of India (LIC) to adhere to statutory and regulatory guidelines governing the business of micro insurance.

In April 2012, Irda had received a complaint against the micro insurance business procured by various divisional offices under the central zone (Bhopal) of LIC.

Irda said it carried out “a focused onsite inspection of the micro insurance unit, Bhopal divisional office” during April 25-27, 2012.

Irda, in its order, said violations of the Insurance Act, 1938 had occurred in the micro insurance unit of the Bhopal divisional office of LIC.

The violations included non-availability of proposal forms and failure to periodically review the quality of business procured.

Further, it found the turnaround time between the premium receipt date at the micro insurance agent and premium adjustment date at LIC’s office was significantly high.

To resolve this, Irda has directed LIC to put in place measures for monitoring the premium collection/remittances procedures in all its operational offices, to comply with the provisions of the Insurance Act.

On examining the charges, Irda directed LIC to carry out an internal inspection of all its micro insurance units and give the compliance report before December 2013.

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