



भारतीय बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY OF INDIA

Circular

NO. IRDA/F&A/CIR/CLD/114/05/2015

May 28, 2015

To

All Insurers except GIC

Sub: Handling of the unclaimed amounts pertaining to the policyholders

Ref: (1) IRDA / F&I/ CIR/ CMP/174/ 11/2010 dated 04.11.2010
(2) IRDA/F&A/CIR GLD/056/02/2014 dated 13.02.2014
(3) IRDA/F&A/CIR/GLD/195/08/2014 dated 14.08.2014

Reference is drawn to the above said circulars issued by the Authority on the unclaimed amounts lying in the books of insurers. As per the directions issued by the Authority, Insurers are not permitted to apportion or write back such unclaimed amounts as income under any circumstance. Further, these unclaimed amounts are required to be shown as a separate line item in the Balance Sheet under "Current Liabilities".

It is now further directed that in respect of all unclaimed amounts lying with the insurers, the following shall be ensured;

1. Nonlife, Health and Life (Funds other than ULIP)

The amount representing the unclaimed amounts shall be segregated under each fund/segment and shall be shown under the head "Unclaimed Amount". Such amounts shall continue to be governed by the investment norms applicable to the respective funds under which the unclaimed amounts have been identified.

2. ULIP Funds

In order to avoid the down side risk of unclaimed amounts of Unit Linked Fund, such amount shall be invested in accordance with the investment pattern specified for "Fund for discontinued policies" in Regulation 18 of IRDA (Linked Insurance Products) Regulations, 2013.

3. Treatment of Investment Income

Further to the provisions of the regulation 8 (4) of the IRDA (Protection of Policyholders' Interests) Regulations, 2002, all insurers shall credit the investment income accruing on the unclaimed amount to the respective identified unclaimed account.

4. Recovery of Expenses

Insurers may recover administration and fund management expenses from the unclaimed amounts. However, such recovery shall not in any case exceed 50 basis points per annum of the said underlying funds as at the close of the financial year.

5. Manner of Computation of Solvency Margin

It is reiterated that the unclaimed amounts, the investment income accrued / earned on the said unclaimed amounts and the investments representing such amounts shall not be counted towards computation of solvency margin.

6. Aging of the unclaimed amount

There may be instances where insurers have issued cheques against the outstanding unclaimed amounts but some of these cheques may have not been encashed by the policyholders. In such cases, after the expiry of the validity period of the cheques, the same shall be credited back to unclaimed amount. However, the age-wise classification of such amounts shall continue from the original date of such unclaimed amount. The insurers shall not, under any circumstance, re-classify such amounts for the purpose of age-wise classification.



7. Disclosures in the Notes to Accounts

The insurers have been advised vide circular no. IRDA / F&I/ CIR/ CMP/174/ 11/2010 dated 04.11.2010 on the manner of disclosure of the unclaimed amounts along with its ageing. It is hereby further directed that the details of unclaimed amounts and Investment Income thereon shall also be disclosed alongside as under:

(Rs. In Lakhs)

Particulars	Current Financial year	Previous Financial Year
Opening Balance		
Add: Amount transferred to unclaimed amount		
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (To be included only when the cheques are stale)		
Add: Investment Income		
Less: Amount paid during the year		
Closing Balance of Unclaimed Amount		

The circular is effective from 1st July, 2015. All insurers are advised to confirm the compliance.



(T S Vijayan)

Chairman

