

Irda issues new micro insurance draft norms

The Insurance Regulatory and Development Authority (Irda) has issued a revised set of proposals on micro insurance products.

Comments on the regulations are to be given before February 14. After this, the final set of regulations will be drafted.

Irda's draft has said partial withdrawals may be permitted from the second policy year onwards, subject to ensuring maintenance of a minimum balance equivalent to one annual premium in the policy account.

And, an insurer may enter into a deed of agreement with a person or entity whose micro insurance agency agreement was terminated (other than on grounds of fraud or misconduct) only after the expiry of three months. No insurer will be allowed to re-appoint a micro insurance agent whose services were ended on grounds of fraud or misconduct.

After any such termination of an agent's services, the policies of the agent may be allotted to another of the same insurer, after getting the latter's consent.

For distribution of these products, Irda has said regional rural banks, micro finance institutions, district cooperative banks, non-governmental organisations, self-help groups, urban cooperative banks, banking correspondents and individual owners of kirana stores, public call offices, fuel stations and fair price shops in rural areas will be allowed to sell these.

All micro variable life insurance products shall have a lock-in of five years from the date of inception of the policy. Partial withdrawals may be permitted.

A micro insurance agent may work with one life insurance company and one general insurance company. An agent may also work with the Agriculture Insurance Company of India for distributing micro crop insurance products and with any standalone life insurance companies for distribution of their health insurance products.

(Business Standard)