Title: All CEOs of Life Insurance Companies	
Reference No.: IRDA/LIFE/CIR/MISC/37/9/2009	**Date:** 15/09/2009
Premium - Awaited Policies	

To
All CEOs of Life Insurance Companies

Sub: Premium-Awaited Policies

It has been decided to collect information on premium-awaited policies in the manner detailed below:

1. Information pertaining to policies on which premiums are awaited for more than a quarter shall be furnished to the Authority in the formats enclosed herewith.

2. Data of Premiums awaited in the **Individual Business** of **non-single premium type** alone shall be included for this purpose.

3. The data shall include **both number of policies** on which premium is awaited **as also the premium** amount on these policies.

4. **The premiums awaited on the policies sold under Rural and Social Sector Obligations** shall be furnished separately in the relevant columns. Individual Business reckoned for the purpose of Rural & Social Sector Obligations only needs to be considered for this purpose.

5. **Data for 2008-09** may be furnished separately forlinked and non-linked policies with slab-wise break-up of the annual premiums. The data shall be furnished separately for the annualized premium slabs shown in the formats.

6. **Beginning with the 1st quarter of 2009-10**, life insurers would be required to submit data with linked/non-linked, Premium slab-wise, Mode-wise, Distribution channel-wise break-ups, as shown in the formats.

7. Insurers are required to furnish data for the year 2008-09 not later than 30.9.09. The data for 1st quarter of 2009-10 onwards shall be furnished by the 15th of the month following the subsequent quarter.

8. The detailed process guide and the relevant formats in which data is to be furnished are enclosed herewith.

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Sd/-
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(G. Prabhakara)
Member (Life)
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Process Guide

1. Terms explained:

·   **Period Under Consideration (PUC)** – The period for which incidence of defaults/persistency is measured. It could be a quarter, half-year, three-quarters or a full-year.

·   **Date of Reckoning (DoR**) – The last day of the quarter subsequent to the period under consideration (PUC). The defaults position for a PUC shall be verified as at the end of the Date of Reckoning.

Ex:-

p   For PUC – 1.4.09 to 30.6.09, DoR is 30.9.09
p   For PUC – 1.7.09 to 30.9.09, DoR is 31.12.09
p   For PUC – 1.4.09 to 30.9.09, DoR is 31.12.09
p   For PUC – 1.4.09 to 31.3.10, DoR is 30.6.10

·   **First Unpaid Premium (FUP)** – The next immediate instalment premium due on a policy.

p   If the premiums on a policy of Qly mode have been paid, say, upto 9.6.09, the FUP of the policy, which is the next instalment due, is 9.9.09.

2. The total number of policies and premium due during the PUC are to be furnished in columns (ii) & (iii) of the format respectively. The defaults out of such policies are to be furnished in columns (iv) & (v) of the format.

3. The policies which are in default earlier to the PUC shall be excluded from the exercise since the objective of this exercise is to gauge the incidence of **fresh defaults during the period under consideration**. In other words, only policies whose dues earlier to the PUC have been paid upto date as on the DoR shall be included in the sample.

4. Where the premiums under a policy fall due more than once in the PUC, it should be made sure to count the policy only once while furnishing the number of policies in the formats. However, all the instalment premiums due under a policy during the PUC shall be considered while computing the premiums-awaited.

The manner in which the data is to be compiled for each of the periods as required by the circular is given below:

One-Time Data for full year 2008-09:

The data of policies under which premiums are due between 1.4.08 and 31.3.09, but **unpaid** as on 30.6.09 shall be furnished by the insurers as one-time data.

Process to be followed for extraction of one-time data (for the full year 2008-09):

1. Pick up all individual, non-single premium type policies from the database whose premiums due before 1.4.08 have all been paid as on 30.6.09.

2. Out of them, select all policies under which the first unpaid premium, as on 30.6.09, falls between 1.4.08 and 31.3.09. Furnish the number of such policies in column (ii) of the format and the premium total of all such policies in column (iii) of the format, with suitable break-ups.

3. Now, out of the policies noted in column (ii), list out the policies on which premiums are still awaited as on 30.6.09. Furnish the number of premium-awaited policies in column (iv) and the total premium on all the premium-awaited policies in column (v), with suitable break ups as shown in the formats.

4. Similarly pick up all individual, non-single premium type policies belonging to the **rural** and **social sector** separately whose premiums due before 1.4.08 have been paid as on 30.6.09. Repeat the exercise and fill the relevant rows in the formats.

Ongoing Data Collection:

1. Commencing from the quarter 1.4.09 – 30.6.09, insurers shall furnish data of premium-awaited policies on a quarterly basis.

2. **The quarterly data shall be furnished for each quarter on a stand-alone as well as cumulative basis for the financial year**. Thus, while in the 1st quarter of a financial year the data is furnished for the quarter alone, the 2nd quarter data is to be furnished **a)** for the quarter in isolation, and **b)** on a cumulative basis for 1st and 2nd quarters together, and so on.

Process to be followed for extraction of data for 1st Quarter of 2009-10:

1. The exercise shall taken up after 30.9.09 and the data shall be submitted to the Authority by 15.10.09.

2. Pick up all individual, non-single premium type policies from the database whose premiums due before 1.4.09 have been paid as on 30.9.09.

3. Out of them, select all policies under which premiums are due in the quarter 1.4.09 to 30.6.09.Furnish the number of such policies in column (ii) of the format and the premium total of all such policies in column (iii) of the format.

4. Now, out of the policies noted in column (ii), list out the policies on which premiums are still awaited as on 30.9.09. Furnish the number of premium-awaited policies in column (iv) and the total premium on all the premium-awaited policies in column (v), with suitable break ups as shown in the formats.

5. Similarly pick up all individual, non-single premium type policies belonging to the **rural and social sector policies separately** whose premiums due before 1.4.09 have been paid as on 30.9.09. Repeat the exercise and fill the relevant rows in the formats.

Process to be followed for extraction of data for 2nd Quarter (stand-alone) of 2009-10:

1. The exercise shall taken up after 31.12.09 and the data shall be submitted to the Authority by 15.1.10.

2. Pick up all individual, non-single premium type policies from the database whose premiums due before 1.7.09 have been paid as on 31.12.09.

3. Out of them, select all policies under which premiums are due in the quarter 1.7.09 to 30.9.09.Furnish the number of such policies in column (ii) of the format and the premium total of all such policies in column (iii) of the format.

4. Now, out of the policies noted in column (ii), list out the policies on which premiums are still awaited as on 31.12.09. Furnish the number of premium-awaited policies in column (iv) and the total premium on all the premium-awaited policies in column (v), with suitable break ups as shown in the formats.

5. Similarly pick up all individual, non-single premium type policies belonging to the **rural and social sector policies separately** whose premiums due before 1.7.09 have been paid as on 31.12.09. Repeat the exercise and fill the relevant rows in the formats.

Process to be followed for extraction of data for 1st & 2nd Quarters (Cumulative) of 2009-10:

1. The exercise shall be taken up after 31.12.09 and the data shall be submitted to the Authority by 15.1.10.

2. Pick up all individual, non-single premium type policies from the database whose premiums due before 1.4.09 have been paid as on 31.12.09.

3. Out of them, select all policies under which premiums are due in the half- year 1.4.09 to 30.9.09. Furnish the number of such policies in column (ii) of the format and the premium total of all such policies in column (iii) of the format.

4. Now, out of the policies noted in column (ii), list out the policies on which premiums are still awaited as on 31.12.09. Furnish the number of premium-awaited policies in column (iv) and the total premium on all the premium-awaited policies in column (v), with suitable break ups as shown in the formats.

5. Similarly pick up all individual, non-single premium type policies belonging to the **rural and social sector policies separately** whose premiums due before 1.4.09 have been paid as on 31.12.09. Repeat the exercise and fill the relevant rows in the formats

Process to be followed for extraction of data for 3rd Quarter (stand-alone) of 2009-10:

1. The exercise shall be taken up after 31.3.10 and the data shall be submitted to the Authority by 15.4.10.

2. Pick up all individual, non-single premium type policies from the database whose premiums due before 1.10.09 have been paid as on 31.3.10.

3. Out of them, select all policies under which premiums are due in the quarter 1.10.09 – 31.12.09. Furnish the number of such policies in column (ii) of the format and the premium total of all such policies in column (iii) of the format.

4. Now, out of the policies noted in column (ii), list out the policies on which premiums are still awaited as on 31.3.10. Furnish the number of premium-awaited policies in column (iv) and the total premium on all the

premium-awaited policies in column (v), with suitable break ups as shown in the formats.

5. Similarly pick up all individual, non-single premium type policies belonging to the **rural and social sector policies separately** whose premiums due before 1.10.09 have been paid as on 31.3.10. Repeat the exercise and fill the relevant rows in the formats.

Process to be followed for extraction of data for 1st, 2nd & 3rd Quarters (Cumulative) of 2009-10:

1. The exercise shall be taken up after 31.3.10 and the data shall be submitted to the Authority by 15.4.10.

2. Pick up all individual, non-single premium type policies from the database whose premiums due before 1.4.09 have been paid as on 31.3.10.

3. Out of them, select all policies under which premiums are due in the three-quarters 1.4.09 to 31.12.09. Furnish the number of such policies in column (ii) of the format and the premium total of all such policies in column (iii) of the format.

4. Now, out of the policies noted in column (ii), list out the policies on which premiums are still awaited as on 31.3.10. Furnish the number of premium-awaited policies in column (iv) and the total premium on all the premium-awaited policies in column (v), with suitable break ups as shown in the formats.

5. Similarly pick up all individual, non-single premium type policies belonging to the **rural and social sector policies separately** whose premiums due before 1.4.09 have been paid as on 31.3.10. Repeat the exercise and fill the relevant rows in the formats.

Process to be followed for extraction of data for 4th Quarter (stand-alone) of 2009-10:

1. The exercise shall be taken up after 30.6.10 and the data shall be submitted to the Authority by 15.7.10.

2. Pick up all individual, non-single premium type policies from the database whose premiums due before 1.1.10 have been paid as on 30.6.10.

3. Out of them, select all policies under which premiums are due in the quarter 1.1.10 – 31.3.10. Furnish the number of such policies in column (ii) of the format and the premium total of all such policies in column (iii) of the format.

4. Now, out of the policies noted in column (ii), list out the policies on which premiums are still awaited as on 30.6.10. Furnish the number of premium-awaited policies in column (iv) and the total premium on all the premium-awaited policies in column (v), with suitable break ups as shown in the formats.

5. Similarly pick up all individual, non-single premium type policies belonging to the **rural and social sector policies separately** whose premiums due before 1.1.10 have been paid as on 30.6.10. Repeat the exercise and fill the relevant rows in the formats.

Process to be followed for extraction of data for the full year 2009-10:

1. The exercise shall be taken up after 30.6.10 and the data shall be submitted to the Authority by 15.7.10.

2. Pick up all individual, non-single premium type policies from the database whose premiums due before 1.4.09 have been paid as on 30.6.10.

3. Out of them, select all policies under which premiums are due in the year 1.4.09 to 31.3.10. Furnish the number of such policies in column (ii) of the format and the premium total of all such policies in column (iii)

of the format.

4.   Now, out of the policies noted in column (ii), list out the policies on which premiums are still awaited as on 30.6.10. Furnish the number of premium-awaited policies in column (iv) and the total premium on all the premium-awaited policies in column (v), with suitable break ups as shown in the formats.

5.   Similarly pick up all individual, non-single premium type policies belonging to the **rural and social sector policies separately** whose premiums due before 1.4.09 have been paid as on 30.6.10. Repeat the exercise and fill the relevant rows in the formats.