



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

Title: Misleading Sales literature on Unit Linked Product

Reference No.: IRDA/D/2-3-2007

Date: 02/03/2007

It has come to the notice of the Authority that some of the Development Officers and Agents of Life Insurance Corporation of India are promoting their Unit linked Insurance Product 'Money Plus' claiming to offer astronomical returns and guaranteed benefits at the end of specific periods. Some of the leaflets assure a maturity value of Rs 3.38 crores at the end of 20 years on an annual investment of Rs 1 lakh over a period of three years. projecting a growth of 25% per annum.

Similar claims have also been made by agents of a few other insurers.

The authority would like to clarify that such projections are misleading, inflated and also do not have the approval of the IRDA. As per the guidelines of the Life Insurance Council, the Insurers are required to project their returns at a rate ranging between 6% and 10% only. The insurers are also expected to state that even these returns are not guaranteed. It may also be noted that the returns under the Unit Linked Products are dependent on the performance of the chosen fund, which is in turn affected by the performance of the stock markets.

While the Authority has already taken up the matter with the concerned insurers, it cautions members of the public not to get carried away by such unapproved sales presentations being circulated in the market. They may take an informed decision while purchasing a policy, on the basis of proper disclosures by the licensed representatives of the Insurer.

D/2-3-2007

Sd./
(C.S. Rao)
Chairman