



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

**Title:**CEOs of Life Insurers

**Reference No.:**29/IRDA/Actl/ULIPs/2009-10

**Date:**20/08/2009

Unit Linked Products- Cap on Charges

To

CEOs of Life Insurers

**Sub: Unit Linked Products- Cap on Charges**  
**Ref: Circular No.20/IRDA/Actl./ULIP/09-10 dated 22 nd July, 2009**

Vide reference cited, the Insurance Regulatory and Development Authority had specified caps on charges on all Unit Linked Insurance Products. Certain concerns were expressed by the industry on the circular and a meeting of the Life Insurers was held on 29 th July, 2009 to discuss all relevant concerns. Taking into account the discussions, the following clarifications are issued and consequently the circular referred is modified to the extent stated below.

1. Mortality and Morbidity charges may be excluded in the calculation of the net yield for the purpose of the sub-para (a) of the penultimate paragraph of the reference cited;
2. Within the overall cap prescribed in paragraph 5 of the reference cited, the Fund Management Charge shall not exceed 135 basis points irrespective of the tenor of the contract;
3. No surrender charge can be levied by an insurer for policies surrendered from the 5 th policy year and thereafter and consequently the policyholder will be entitled to receive the full fund value on such surrender.

The circular No.20/IRDA/Actl./ULIP/09-10 dated 22 nd July, 2009 shall be complied with by all insurance companies with the above modifications.

**sd/-**  
**(R. Kannan)**  
**Member**