

**INSURANCE REGULATORY AND DEVELOPMENT
AUTHORITY OF INDIA**



**MASTER CIRCULAR
ON
POINT OF SALES PRODUCTS AND PERSONS –
LIFE INSURANCE**

IRDAI/LIFE/CIR/MISC/215 /12/2019

2nd December, 2019

VER-01



2nd December, 2019

Master Circular
on
Point of Sales Products and Persons – Life Insurance

1. The Authority had issued the following Guidelines in order to give an added fillip in providing easy access to Life Insurance Products to people at large and to enhance insurance penetration and density as part of its Development agenda.
 - (a) Guidelines on Point of Sales Products (POS) – Life Insurance Products bearing No. IRDA/LIFE/GDL/GLD/222/11/2016 dated 7/11/2016 and
 - (b) Guidelines on Point of Sales Person – Life Insurance bearing No. IRDA/LIFE/ORD/GLD/223/11/2016 dated 7/11/2016

2. This Master Circular is a consolidation of the above two Guidelines and a few other Circulars issued by the Authority from time to time alongwith some additions/modifications and supersedes the Guidelines/Circulars placed in Annexure – I.

3. This Master Circular is issued in exercise of the powers vested with the Authority under Sections 14 (1), 14 (2) (c) and 14 (2) (e) of IRDA Act, 1999 and shall come into force with immediate effect.

4. Scope and Applicability:

This Master Circular shall apply to

- (i) Point of Sales Persons – Life Insurance (POSP-LI)
- (ii) Life Insures engaging Point of Sales Persons – Life Insurance
- (iii) Insurance Intermediaries engaging Point of Sales Persons- Life Insurance

5. Definition

- 5.1 “Act” means the Insurance Act, 1938.
- 5.2 “Authority” means Insurance Regulatory and Development Authority of India established under Section 3 of the IRDA Act, 1999.
- 5.3 “Point of Sales Person – Life Insurance” (herein after referred to as POSP – LI) means an individual who possesses the minimum qualifications, has undergone training and passed the examination as specified in this Master Circular and solicits and markets only such products as specified by the Authority.
- 5.4 “Point of Sales Product – Life Insurance” (hereinafter referred to as POS-Life Product) means the **simple plain vanilla type of product** wherein each and every benefit is predefined and disclosed upfront clearly at the time of sale itself and is very simple to understand.

PART – I : Point of Sales – Life Insurance Products (POS – Life Products)

6. Categories of POS-Life Products:

- 6.1 The Category / Nature of Products offered under POS –Life Products shall be as given hereunder:
 - a. Pure Term Insurance Product with or without return of premium
 - b. Non-linked Non-Participating Endowment Product (Survival benefit feature also allowed)
 - c. Immediate Annuity Product
 - d. Non-linked, Non-Par Health Insurance products with fixed benefits
 - e. Any other product / product category, if permitted by the Authority
7. The parameters of the aforesaid categories of products shall be as shown in **Annexure – II**.
8. The condition/eligibility/parameters mentioned in the **Annexure – II** for different categories of POS – Life Products are given as lower/upper limits within which the Insurer has the flexibility to design the product.
9. Solicitation and marketing of these products is allowed to be done through
 - a. Point of Sales Persons – Life insurance
 - b. Individual Agents of the Life Insurer
 - c. Intermediaries authorized to solicit Life insurance products
 - d. Insurer directly
10. Life Insurers shall offer these products only as Non-Linked and Individual insurance products.
11. Unless explicitly exempted in this Master Circular / Annexure-II, the extant Regulatory provisions shall be applicable mutatis mutandis to these products.
12. The Chief Executive Officer and the Appointed Actuary shall attach a certificate of compliance to these Master Circular provisions along with product filing.
13. **'Key Features Document (KFD) - cum - Proposal Form' Format:**
 - 13.1 There would be two parts of the '**Key Features Document cum Proposal Form**', where the **first** part would be the KFD and **second** part would be the Proposal Form. Both the parts are joined by perforation so that the first part (KFD) can be easily separated and given to the proposer/ Life Assured for his/ her record and the second part (Proposal Form) is to be preserved by the insurer / representative for necessary processing.

- 13.2 Key Features Document (KFD) must contain all the key benefits under the plan including (a) Sum Assured on Death (b) Maturity Benefit (c) Surrender Value (d) Paid Up Value, if any (e) Exclusions (f) Registered name and address of the life insurer with logo etc.
- 13.3 In online mode, an explicit and exclusive consent shall be taken for KFD in a screen and a copy of such KFD has to be mailed to the proposer.
- 13.4 Every “**Key Features Document cum Proposal form**” should contain unique reference number on both parts.
14. The turnaround time for issuance of policy / acceptance of Risk and communication of Acceptance or otherwise to the customer of such policy should not be more than four (4) working days from the date of collection of proposal at the point of sale.
15. If the Proposal is not accepted for any reason whatsoever, the refund of payment should be done to the Proposer within seven (7) days from the date of the decision.
16. The existing (Non-POS) products which meet the parameters of the allowed categories of POS Life Insurance products may be applied enclosing KFD. Waiting Period clause shall be made part of proposal form as well as KFD. The application should also contain the certificate of CEO and Appointed Actuary of the Life Insurer certifying that the existing product meets the applicable parameters mentioned in the Annexure II to this Master Circular. Marketing of such product as POS-Life product shall be done only after filed application is approved by the Authority.

PART – II : Point of Sales Persons – Life Insurance (POSP – LI)

17. Point of Sales Person- Life Insurance (POSP- LI)

- 17.1 The proofs of identity acceptable for POSP-LI are
 - (a) PAN Card
 - (b) Aadhaar Card
- 17.2 The POSP-LI shall be at least 18 years age completed and shall have educational qualification of 10th standard pass.
- 17.3 Life Insurer or Insurance Intermediary proposing to engage POSP-LI shall
 - (a) Conduct an in-house training of fifteen (15) hours for the candidate
 - (b) Conduct an examination after successful completion of the training
 - (c) Issue certificate to the candidate who pass the examination

- (d) Engage the successful candidates in the examination as POSP-LI by issuing an Appointment Letter with appropriate terms and conditions within 15 days from passing the examination.
 - (e) Allot a POS Code to the POSP-LI and place the same in the Appointment Letters issued to POSP-LI.
 - (f) Maintain a proper training and examination record for at least five (5) years from the end of the financial year in which these are conducted and shall be made available to the inspecting official of the Authority during on-site inspection.
- 17.4 The Model Syllabus for training of POSP-LI is herewith attached as Annexure – III which may include the features of various POS-Life Products designed by the Insurer from time to time and may be modified and developed according to the changing need of the insurer and intermediaries.
- 17.5 POSP-LI is authorized to solicit and market Point of sales – Life insurance products.
- 17.6 POSP-LI is also allowed to distribute Micro Insurance products of Life Insurers and the commission payable shall be as applicable to the Individual Agents as approved under the Micro Insurance Product. If the product is sold through the POSPs-LI appointed by Intermediaries, the commission is payable only to the Intermediaries and not to these POSPs-LI.
18. **Appointment of Point of Sales Person – Life Insurance (POSP- LI)**
- 18.1 An Insurer or an insurance intermediary authorized to solicit and market life insurance business can engage a POSP-LI.
- 18.2 A POSP-LI engaged by an insurance intermediary can sell the POS – Life Products and Micro Insurance products of all such Insurers whose life insurance products the respective intermediary is authorized to sell.
19. **Products solicited and marketed by Point of Sales Person – Life Insurance (POSP- LI)**
- 19.1 The POSP-LI can sell Life Insurance Products filed with and approved by the Authority as POS-Life Products.
- 19.2 Insurers and Insurance Intermediaries need to adhere to the Guidelines/Circulars issued by the Authority with regard to Point of Sale Persons – Life Insurance and Point of Sales - Life Insurance Products from time to time.

20. Tagging of Proposal Form and Insurance Policy to POSP-LI


- 20.1 Every proposal form, in paper or in paperless form, insurance policy and other related documents shall carry provision to record the POS Code in order to tag the policy to the POSP-LI who is selling the said policy.
- 20.2 The Life Insurer shall be responsible to record the POS Code of the POSP-LI in the proposal form and insurance policy. The life insurer shall be responsible for the conduct of the POSP-LI representing him and any misconduct on the part of the said POSP-LI shall make the Life Insurer liable to penalty as per provisions of Section 102 of the Act.
- 20.3 For sales effected through the insurance intermediary, the insurance intermediary shall record the POS Code of POSP-LI in the proposal form and similarly the insurer also would require to do the same in the insurance policy. The insurance intermediary shall be responsible for the conduct of the POSP-LI engaged by it and any misconduct on part of the Point of Sales Person shall make it liable to a penalty as per provisions of Section 102 of the Act.
- 20.4 One of the factors that shall be considered while renewing the certificate of registration of the insurance intermediary shall be the conduct of the "Point of Sales Persons" working with insurance intermediary.

21. Compliance

- 21.1 The Life Insurers and Insurance Intermediaries shall make suitable provision in their policy administration system to capture the identity proof details submitted by POS persons attached to POS Code of the POSP-LI.
- 21.2 The POSP-LI when engaged by the Insurer shall place business with that insurer subject to compliance of rules and procedures of that insurer.
22. Where the POS Persons are authorized to collect and remit the premiums, they shall be mandated by the Insurers for issuing acknowledgements on collection of premiums and every Insurer shall put in place procedures to enable POS Persons issue such acknowledgements.
23. Insurers are accountable for such premium acknowledgements issued by POS Persons.
24. Life Insurers and Insurance Intermediaries shall keep with them the record of the particulars of the POSPs-LI and the business procured by them as per the formats given at Annexure IV and Annexure V.
25. Insurance Intermediaries shall submit the data maintained in Annexure V to Life Insurers and thereafter the Life Insurers need to submit the Annexure V to the Authority within the following timelines:

- 25.1 For the first half yearly period (April to September), the information has to be submitted on or before 31st October.
- 25.2 For the second half yearly period (October to March), the information has to be submitted on or before 30th April along with the cumulative details of the year.
26. The premium paying term under POS-Life Product shall always be equal to policy term. The death and maturity benefits including Return of Premium shall be paid only in one lumpsum.
27. **Power to Clarify**

In case of any doubt or ambiguity with regard to any of the provisions of this Master Circular, the Chairperson of the Authority may issue appropriate clarifications through circulars or guidelines as deemed necessary.



(K. Ganesh)
Member (Life)

Annexure - I

This Master Circular supersedes the following Guidelines and Circulars issued by the Authority:

Sl.No.	Circular No	Date	Subject
1	IRDA/Life/ORD/GLD/223/11/2016	7-Nov-2016	Guidelines on Point of Sales Person – Life Insurance
2	IRDA/Life/ORD/GLD/222/11/2016	7-Nov-2016	Guidelines on Point of Sales Products - Life Insurance Products
3	IRDA/Life/ORD/GLD/223/2017	7-Feb-2017	Modification to POS Person Guidelines
4	IRDA/LIFE/CIR/MISC/POS/185/08/2017	4-Aug-2017	Modification to Guidelines on Point of Sales (POS) – Life Insurance Products

Annexure - II

(a) PureTerm Insurance Product With or Without Return of Premium

Product Features/ Parameters / Eligibility:

Minimum Age at entry	18 years.
Maximum Age at Maturity	65 years
Policy Term	Minimum - 5 years Maximum - As proposed in F&U Application
Sum Assured on Death	Minimum - As proposed in F&U Maximum – No Limit (subject to Non-Medical underwriting only) (Sum Assured would be in the multiple of Rs. 50,000 only)
Grace period	As per extant regulatory norms
Revival period	As per extant regulatory norms
Waiting Period (for other than Accidental death only)	Allowed up to maximum period of first 90 Days from the date of acceptance of risk
Death Benefit (other than Accidental): If death takes place a. During waiting Period (if any) b. After expiry of waiting Period	100% of Premium paid Sum Assured on Death
Accidental Death Benefit	Equal to 'Sum Assured on Death'. No waiting period is applicable.
Maturity benefits (Without Return of Premium)	Nil
Maturity Benefits (With Return of premium)	At least 100%of Premium Paid.
Underwriting Conditions	Only Non-Medical underwriting
Surrender Value	As per extant regulatory provisions
Accidental Death Benefit (in built)	Inbuilt ADB only allowed
Commission	For the POSPs engaged by Intermediaries no commission is payable by the Insurer. For the POSPs engaged directly by the Insurer, as proposed in the product F&U and approved by the Authority as applicable to individual agents.
Other Features / Conditions	As per extant regulatory provisions

(b) Non-linked, Non-Participating Endowment Product

Product Features/ Parameters / Eligibility:

Maximum Age at Maturity	65 years
Policy Term	Minimum - 5 years Maximum - 20 years
Sum Assured on Death	Maximum – 10 Lakhs (excluding ADB)
Sum Assured on Maturity	Guaranteed Maturity Benefit in absolute amount
Grace period	As per extant regulatory provisions
Revival period	As per extant regulatory provisions
Death Benefit (other than Accidental): If death takes place i. During waiting Period (if any) ii. After expiry of waiting Period	100% of Premium Paid Sum Assured on Death
Accidental Death Benefit	Equal to 'Sum Assured on Death'. No waiting period is applicable
Maturity benefit	Guaranteed Maturity Benefit in absolute amount in one lump sum (No settlement options are allowed)
Surrender Value	As per extant Regulatory Provisions
Waiting Period (Other than Accidental death only)	Allowed upto a maximum period of first 90 Days from the date of acceptance of risk
Accidental Death Benefit	Only Inbuilt ADB allowed
Loan facility, if any	Allowed
Commission	For the POSPs engaged by Intermediaries, no commission is payable by the Insurer. For the POSPs engaged directly by the Insurer, as proposed in the product F&U and approved by the Authority as applicable to individual agents.
Underwriting Conditions	Only Non-Medical underwriting
Maximum Sum Assured Limit on a single life	Rs. 10 Lakhs (excluding ADB) at insurer level (per insurer)
Other Features	As per extant Regulatory provisions

(c) Immediate Annuity Product

Product Features/ Parameters / Eligibility:

Type of Immediate Annuity	
Only ' <u>Life Annuity with Return of Purchase Price on death</u> ' allowed.	
Min / Maximum Age at Entry	Minimum - 40 years Maximum – 70 years
Mode of Premium	Single Premium only
Maximum Premium	No Limit
Minimum Annuity	As per extant Regulation.
Death benefit	Return of Purchase Price
Commission	For the POSPs engaged by Intermediaries, no commission is payable by the Insurer. For the POSPs engaged directly by the Insurer, as proposed in the product F&U and approved by the Authority as applicable to individual agents.
Other Features	As per extant Regulatory provisions

(d) Non- Linked, Non-Par, Non- Medical Health Insurance Products (fixed Benefit) for Individual / Family Floater Policies only (Not to be sold as Group insurance)

Product Features/ Parameters / Eligibility:

Age at entry	Minimum - 90 Days Maximum - As per extant Health Regulations
Maximum Age at Maturity	As per extant Health Regulations
Policy Term	Minimum - 5 years , Maximum - As proposed in F&U Application and approved by the Authority
Sum Assured	Minimum - As proposed under the product Maximum - Rs. 15 Lakhs (Individual) Rs. 20 Lakhs (Floater and Individual) (Sum Assured in the multiple of Rs.5,000 only)
Mode of Premium	Annual / Single
Grace period	As per extant regulatory norms
Revival period	As per extant regulatory norms
Waiting Period (For any disease)	Allowed Not more than first 90 Days from the date of acceptance of risk
Benefits : (On diagnosis of a Disease / contingency covered)	
During waiting Period (if any)	- Refund of 100% of premium Paid
After expiry of Waiting Period	- Full Sum Assured
Maturity Benefits	As proposed in F&U application and approved by the Authority
Underwriting Conditions	Only Non-Medical underwriting
Surrender Value	As per approved F&U / Extant regulatory provisions
Commission	As per approved F&U application
Other Features / Conditions	As per extant regulatory provisions
Exclusions	As approved under F& U
Pre- existing Disease	Not Covered / as per extant regulations
Portability	Not Allowed
Change in Sum Assured (At any time during the term or at the time of Renewal)	Not allowed
Post Diagnosis Survival Conditions /Period	As approved under F& U
Reinstatement / Renewal of Sum Assured	100%

Model Syllabus

MODULE 1 - INTRODUCTION TO INSURANCE

1. Concept of insurance
2. Purpose and need of insurance
3. Concepts of Risk, Peril and Hazard.

MODULE 2 - INDIAN INSURANCE MARKET

1. Insurers
2. Agents
3. Intermediaries
4. Role of POS Persons
5. IRDAI

MODULE 3 - PRINCIPLES AND PRACTICE OF INSURANCE

1. Offer [Proposal] and Acceptance
2. Consideration (Premium)
3. Insurable Interest
4. Sales Literature
5. KFD cum Proposal Form
6. Renewal Notice
7. Utmost good faith
8. Premium payment options
9. Section 64 VB of Insurance Act
10. Policy Terms and Conditions

MODULE 4 - POINT OF SALE - LIFE INURANCE PRODUCTS

1. Master Circular on POS Products and POS Persons – Life Insurance
 - a. Categories of POS – Products
 - b. Salient Features of POS – Life Product

MODULE 5 - Miscellaneous

1. AML/KYC
2. Dos and Don'ts for POS Persons
3. Grievance Redressal Mechanism
4. Micro Insurance Regulations
5. Micro Insurance Products and their salient features

Annexure IV

Name of the entity (Insurer/Insurance intermediary) _____

Sl. No	Name of the PoS Person	POS Code	No. of policies sold by POS Person (in Nos.)		Total premium collected by POS Person (in Rs)		Total Amount paid to PoS person	
			POS	MI	POS	MI	POS related	MI related

Note:

The information has to be maintained in electronic form by the insurance companies and insurance intermediaries, which can be accessed by the Authority on a remote location basis.

Annexure - V

Half Yearly Return in respect of POS Life Products Business

During the half-yearly period/ cumulative details during the Year * :

Name of the Product:

Distribution Channel **:

S. No.	Details of the business	Number / Amount (in lakhs)
1	Number of POS Persons as at the beginning of the Period	
2	Number of POS Persons newly added during the period	
3	Number of POS Persons terminated during the period	
4	Outstanding POS Persons as at the end of the period	
5	Total number of policies issued	
6	Total premium collected	
7	Total commission paid	
8	Total service charges paid	
9	Total number of policies discontinued (Non- single) after the grace period	
10	Total number of policies revived	
11	Total number of policies surrendered	
12	Total number of claims outstanding as at the beginning of the period	
13	The amount pertaining to total number of claims outstanding as at the beginning of the period	
14	Total claims intimated during the period	
15	The amount pertaining to total number of claims intimated	
16	Total number of claims paid during the period	
17	The amount pertaining to total number of claims paid	
18	Total number of claims outstanding as at the end of the period	
19	The amount pertaining to total number of claims outstanding as at the end of the period	
20	Total number of claims rejected during the period	
21	The amount pertaining to total number of claims rejected	
22	Total number of claims repudiated during the period	
23	The amount pertaining to total number of claims repudiated	
24	Total in force at the end of the half yearly period	
25	Total number of grievances registered	

* The details shall be given for the half year and for the year also separately.

** The details shall be given for each distribution channel separately. Last sheet should be a consolidated version of all the distribution channels (including direct business).

Signature of the AA

Date:

Signature of the CEO