



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

IRDA/LIFE/CIR/MISC/140/2015

3rd August 2015

To All the Life Insurers.

Re: Obtaining Annuity Options from the Policy holders

It is noticed by the Authority that the Life Insurers are obtaining Annuity Options from the Policy holders prior to vesting date in the case of deferred annuity plans and due to non-receipt of Annuity Option from the concerned policyholders before the vesting date, it is leading to delay in the commencement of annuity on vesting date and consequent inconvenience/loss to annuitants.

In order to protect the policyholder's interests, the Authority mandates as under in respect of deferred pension/annuity plans.

1. The Insurer shall obtain Annuity Option duly exercised by the proposer at the proposal stage. Necessary provision shall be made in the proposal forms. The same shall be captured in the proposal/policy record.
2. In all the deferred annuity policies where the life insurer has not obtained Annuity Option exercised by the proposer at proposal stage, the same may be obtained and captured in the policy records without further loss of time.
3. At least 6 months prior to the vesting date, the Insurer shall send a communication to the Policyholder intimating the Annuity amount under various options available and the selected option. Insurer shall provide an opportunity for the policyholder to review his decision based on the latest information and select any other annuity option than what he/she selected earlier. Insurer shall clearly inform the policyholder in that communication that the last date for receipt of revised option, if any, is at least 90 days prior to the date of vesting giving a specific date.
4. If no revised option is received at least 90 days prior to date of vesting, the Insurer may go ahead and process the annuity payments as per the original option exercised at the proposal stage/collected later as stated at Point 2. If a revised option is exercised by the policyholder which is received by the Insurer at least 90 days prior to the date of vesting, the annuity payments are to be processed and released according to the revised option.

This Circular is issued under the powers vested in Section 14(2) of IRDA Act, 1999 and will apply to all Annuities falling due from 1st April 2016.

Nilesh B Sathe
Member(Life)