

Insurance Regulatory and Development Authority of India
NOTIFICATION

Hyderabad, the 2024

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (RURAL,
SOCIAL SECTOR AND MOTOR THIRD PARTY OBLIGATIONS) REGULATIONS, 2024**

F. No. IRDAI/Reg/ / / .- In exercise of the powers conferred by Section 114A(2)(id) and (ie) read with Sections 32B, 32C and 32D of the Insurance Act, 1938 and Section 14(2)(p) read with Section 26 of the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority of India, in consultation with the Insurance Advisory Committee, hereby makes the following Regulations.

CHAPTER-I

PRELIMINARY

1. Short Title, Applicability and Commencement

- a) These Regulations may be called the Insurance Regulatory and Development Authority of India (Rural, Social Sector and Motor Third Party Obligations) Regulations, 2024.
- b) They shall come into force from the date of their publication in the Official Gazette and shall supersede the Insurance Regulatory and Development Authority of India (Obligations of Insurers to Rural and Social Sectors) Regulations, 2015 and the Insurance Regulatory and Development Authority of India (Obligations of Insurer in respect of Motor Third Party Insurance Business) Regulations, 2015 including all other circulars/ guidelines/ prescriptions issued thereunder.
- c) These Regulations are effective from 1st April, 2024 and shall remain in force for a period of 3 (three) years thereafter unless reviewed or repealed earlier.

2. Objective and Principle

The objective of these Regulations is to specify minimum rural and social sector business that the insurers are required to underwrite under section 32B and 32C of the Insurance Act, 1938 and minimum third party motor insurance business that the insurer carrying on general insurance business is required to underwrite under section 32D of the Insurance Act, 1938.

3. Definitions

In these Regulations, unless the context otherwise requires—

- (a) “Act” means the Insurance Act, 1938 (4 of 1938);
- (b) “Authority” means the Insurance Regulatory and Development Authority of India established under the provisions of section 3 of the Insurance Regulatory and Development Authority Act, 1999.
- (c) “Economically Vulnerable or Backward Classes” means persons who live below the poverty line;
- (d) “Gram Panchayat” is as defined under Article 243B of the Constitution of India.
- (e) “Informal Sector” includes small scale, self-employed workers typically at a low level of organisation and technology, with the primary objective of generating employment and income, with heterogeneous activities like retail trade, transport, repair and maintenance, construction, personal and domestic services and manufacturing, with the work mostly labour intensive, having often unwritten and informal employer-employee relationship;
- (f) “Lead Insurer” means an insurer designated as Lead for the State/ Union Territory by the Authority;
- (g) “Motor Third Party Insurance Business” consists of motor insurance liability only policies as well as liability portion of package policies;
- (h) “Other Categories of Persons” includes persons with disability as defined in the Persons with Disabilities (Equal Opportunities, Protection of Rights, and Full Participation) Act, 1995 and

who may not be gainfully employed; and also includes guardians who need insurance to protect spastic persons or persons with disability;

- (i) “Rural Sector” means the places or areas classified as “rural” as per the latest available decennial population census (Census of India);
- (j) “Social Sector” includes Unorganised Sector, Informal Sector, Economically Vulnerable or Backward Classes and Other Categories of Persons, residing in both rural and urban areas;
- (k) “Unorganised Sector” is as defined in Unorganised Workers Social Security Act, 2008;
- (l) All words and expressions used herein and not defined herein but defined in the Insurance Act, 1938 (4 of 1938) as amended from time to time, or in the Insurance Regulatory and Development Authority Act, 1999 as amended from time to time or in the Insurance Rules, 1939 or any other Regulations issued there under shall have the meanings respectively assigned to them in those Acts or Rules or Regulations.

CHAPTER II

PART 1

Obligations with respect to Rural and Social Sector

4. Every insurer, shall ensure that it undertakes obligations set out by the Authority during the financial years indicated herein–

(A) Rural Sector

- (a) **Life Insurance** – Every Life Insurer shall insure the following minimum number of lives in a gram panchayat under individual insurance policies and/ or under group insurance policies in 3 years:

Sr. No	Financial year following notification of Regulations	Minimum number of lives to be covered by all life insurers in all gram panchayats in the country
i	First year	30% of lives in each gram panchayat subject to minimum of 25,000 gram panchayats driven by Lead Insurer
ii	Second year	40% of lives in each gram panchayat subject to minimum of 50,000 gram panchayats driven by Lead Insurer
iii	Third year	50% of lives in each gram panchayat subject to minimum of 75,000 gram panchayats driven by Lead Insurer

- (b) **General Insurance** – Every General Insurer (other than stand-alone health insurers and ECGC) shall insure the following minimum number of a) dwellings under fire insurance and b) vehicles under motor insurance in gram panchayats in 3 years:

Sr. No	Financial year following notification of Regulations	Minimum number of dwellings to be covered under Property insurance by all general insurers in all gram panchayats in the country	Minimum number of vehicles to be covered under motor insurance (Comprehensive and TP) by all general insurers in all gram panchayats in the country
i	First year	30% dwellings in each gram panchayat subject to minimum of 25,000 gram panchayats driven by Lead Insurer	30% of vehicles in each gram panchayat subject to minimum of 25,000 gram panchayats driven by Lead Insurer
ii	Second year	40% dwellings in each gram panchayat subject to minimum of 50,000 gram panchayats driven by Lead Insurer	40% of vehicles in each gram panchayat subject to minimum of 50,000 gram panchayats driven by Lead Insurer
iii	Third year	50% dwellings in each gram panchayat subject to minimum of 75,000 gram panchayats driven by Lead Insurer	50% of vehicles in each gram panchayat subject to minimum of 75,000 gram panchayats driven by Lead Insurer

- (c) **Health Insurance** - Every General Insurer including stand-alone Health Insurer (other than ECGC) shall underwrite the following minimum number of lives under individual policies and / or under group policies in a gram panchayat in 3 years:

Sr. No	Financial year following notification of Regulations	Minimum number of lives under health insurance to be covered by all general insurers including SAHI in all gram panchayats in the country	Minimum number of lives under personal accident insurance to be covered by all general insurers and SAHI in all gram panchayats in the country
i	First year	30% of lives in each gram panchayat subject to minimum of 25,000 gram panchayats driven by Lead Insurer	30% of lives in each gram panchayat subject to minimum of 25,000 gram panchayats driven by Lead Insurer
ii	Second year	40% of lives in each gram panchayat subject to minimum of 50,000 gram panchayats driven by Lead Insurer	40% of lives in each gram panchayat subject to minimum of 50,000 gram panchayats driven by Lead Insurer
iii	Third year	50% of lives in each gram panchayat subject to minimum of 75,000 gram panchayats driven by Lead Insurer	50% of lives in each gram panchayat subject to minimum of 75,000 gram panchayats driven by Lead Insurer

(B) Social Sector

In respect of all Insurers (Life, General and Standalone Health, excluding ECGC)

Sr. No.	Financial Year following notification of Regulations	Minimum percentage of lives to be covered as a proportion of total lives covered
1.	First year	20%
2.	Second year	25%
3.	Third year	30%

5. Conditions applicable to Rural and Social Sector Obligations

- a) The term 'lives' referred to in Regulation 4 in respect of all Insurers refers to human lives insured and in-force at the end of each financial year.
- b) Only gross direct premium shall be considered while calculating the obligations of Insurers in respect of the Rural and Social Sectors.
- c) Insurance business pertaining to Government social security schemes where total/partial premium is paid by the Government, with/without any contribution from the members/beneficiaries covered shall be considered for the rural and social sector obligations. For the avoidance of doubt, it is hereby clarified that schemes promoted by the Central and/or the State Government such as Pradhan Mantri Awas Yojana, Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJY), etc. shall be considered towards fulfilment of rural and social sector obligations of the relevant Insurers.
- d) Insurance policies covering lives issued to BPL cardholders, MNREGA cardholders, eShram cardholders, DBT beneficiaries, Ayushman Bharat cardholders, Pradhan Mantri Mudra Yojana beneficiaries, Jan Dhan account holders, beneficiaries of PM Kisan Samman Nidhi Yojana, PM Viswakarma Yojana, Pradhan Mantri Jan Arogya Yojana, Other Government Schemes and any other Scheme/ Beneficiary recognized by the Authority would qualify for Social Sector Obligation.
- e) Micro insurance policies issued are eligible to be reckoned for Social Sector obligations. Where a micro insurance policy is issued in a rural area, such micro insurance policy may be reckoned for both Rural Sector and Social Sector obligations separately.
- f) Insurance policies sold by Bima Vahaks will count towards rural and social sector obligations.
- g) The allocation of the gram panchayats, number of lives, dwellings, vehicles amongst the insurers shall be specified in the Master Circular.

PART II

Obligations with respect to Motor Third Party Business

6. Manner for arriving at the Obligations

- a) Every General Insurer (other than stand-alone health insurers and ECGC) shall underwrite the following minimum percentage of statutory Motor Third Party Liability insurance of Goods Carrying and Passenger Carrying Vehicles in 3 years:

S. No	Financial Year following notification of Regulations	Minimum percentage of statutory Motor Third Party Liability insurance number of Goods Carrying & Passenger Carrying Vehicles
i.	First Year	20% increase over total number of goods carrying & passenger carrying vehicles covered in last financial year or 10,000 vehicles in each category, whichever is higher
ii	Second Year	20% increase over total number of goods carrying & passenger carrying vehicles covered in last financial year or 10,000 vehicles in each category, whichever is higher
iii	Third Year	20% increase over total number of goods carrying & passenger carrying vehicles covered in last financial year or 10,000 vehicles in each category, whichever is higher

- b) Coverage of **new** Goods Carrying and Passenger Carrying vehicles shall not be counted towards Motor TP obligations. Motor TP obligation fulfilment shall be contributed by renewal of the existing vehicles and uninsured vehicles that are insured provided the gap in insurance is at least 30 days.
- c) Every new insurer granted certificate of registration shall underwrite a minimum of 10,000 goods carrying and 10,000 passenger carrying vehicles in the first financial year of its operations.
- d) The number of vehicles to be covered by every insurer in first, second and third year shall be as prescribed from time to time.
- e) These regulations are not applicable to Stand Alone Health Insurers, Reinsurers including Foreign Reinsurance Branches, Agriculture Insurance Co. of India, Export Credit Guarantee Corporation of India.
- f) At no instance an insurer carrying on general insurance business shall refuse to underwrite the “liability only” motor policy covering motor third party insurance risk to any prospective policyholder.

CHAPTER III

PROCEDURE FOR IMPLEMENTATION AND OTHER PROVISIONS

7. Option to fulfil the obligations

- a) For the purpose of these obligations, first year shall be reckoned as the year in which these Regulations come into force.
Provided that in cases where an Insurer commences operations in the second half of the financial year:
- no rural, social sector and motor TP obligations shall be applicable for the said period, and
 - the annual obligations as indicated in the Regulation shall be reckoned from the next financial year which shall be considered as the first year of operations for the purpose of compliance with this Regulation.

However, in cases where an Insurer commences operations in the first half of the financial year, that financial year shall be treated as the first year of operations and the applicable obligations for the first year shall be half of the percentage prescribed for the first year.

- b) An insurer may sell rural, social sector and motor TP obligations to one or more insurers who has/ve been unable to complete its targets. An insurer may buy from one or more insurers rural, social sector and motor TP obligations to complete its obligations.

Provided that the buying and selling of the obligations shall not exceed 20% of an insurer's target.

Provided further that the seller insurer can sell only that portion of the obligations which is in excess of its target.

Provided further that the insurer who has sold the obligations will continue to be the insurer and shall be responsible for servicing the insurance policy and settling claim under it. The selling of the obligations is only for the purpose of achieving the obligations by the buyer and the original policy in the name of the original insurer continues to remain valid.

- c) The Authority may from time to time prescribe or revise the obligations specified in these Regulations and may prescribe changes or amendments to the percentages prescribed for obligations of an Insurer for the Rural Sector and the Social Sector.

8. Submission of Returns

- a) Every Insurer shall submit a return in the manner as prescribed in the Master Circular from time to time. Every Insurer shall furnish an annual certificate by the Chief Executive Officer within sixty days from the end of the financial year submitting the summary details of the obligations fulfilled towards these Regulation.

9. Action in Case of Default:

- a) The Authority may, at any time, by an order in writing, cause an inspection of any Insurer to be undertaken and who shall submit a report on the compliance of these Regulations.
- b) Any default noticed in the compliance of these regulations shall be dealt with as per the procedure prescribed in the Act.

10. Repeal and Savings Clause

- a) These Regulations shall repeal Insurance Regulatory and Development Authority of India (Obligation of Insurer in Respect of Motor Third Party Insurance Business) Regulations, 2015 and Insurance Regulatory and Development Authority of India (Obligation of Insurer to Rural and Social sector) Regulations, 2015 from the date these Regulations come into force.
- b) Notwithstanding such repeal, anything done or any action taken or purported to have been done or taken under the repealed Regulations, prior to such repeal, shall be valid.