

## INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

## NOTIFICATION

New Delhi, the 16th October, 2002

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (PROTECTION OF POLICY HOLDERS' INTERESTS)  
(AMENDMENT) REGULATIONS, 2002

**F. No. IRDA/Reg./10/2002.**—In exercise of the powers conferred by Clause (zc) of sub-section (2) of Section 114A of the Insurance Act, 1938 (4 of 1938) read with Sections 14 and 26 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), the Authority, in consultation with the Insurance Advisory Committee, hereby makes the following regulations to amend the Insurance Regulatory and Development Authority (Protection of Policyholders' Interests) Regulations, 2002, namely:—

1. (1) These regulations may be called the Insurance Regulatory and Development Authority (Protection of Policyholders' Interests) (Amendment) Regulations, 2002.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. For the existing sub-regulation (1) of regulation 3 of the Insurance Regulatory and Development Authority (Protection of Policyholders' Interests) Regulations, 2002 the following shall be substituted:—

“(1) Notwithstanding anything mentioned in regulation 2(e) above, a prospectus of any insurance product shall clearly state the scope of benefits, the extent of insurance cover and in an explicit manner explain the warranties, exceptions and conditions of the insurance cover and, in case of life insurance, whether the product is participating (with-profits) or non-participating (without-profits). The allowable rider or riders on the product shall be clearly spelt out with regard to their scope of benefits, and in no case, the premium relating to health related or critical illness riders in case of term or group products shall exceed 100% of premium under the basic product. All other riders put together shall be subject to a ceiling of 30% of the premium of the basic product. Any benefit arising under each of the riders shall not exceed the sum assured under the basic product:—

Provided that the benefit amount under riders shall be subject to Section 2(11) of the Insurance Act, 1938.

*Explanation:* The rider or riders attached to a life policy shall bear the nature and character of the main policy, viz. participating or non-participating and accordingly the life insurer shall make provisions, etc., in its books.”

N. RANGACHARY, Chairman

[ADVT. III/IV/161/2002-Exty.]