



Guidelines on Point of Sales (POS) –Life Insurance Products

Ref: IRDA/LIFE/GDL/GLD/222/11/2016

November 7, 2016

Background:

Reference is drawn to Sections II (d) and V(1) of Guidelines on Point of Sales Person-Life insurance, dated November 7, 2016 which mention the Point of Sales - Life Insurance Products.

Consequently the Authority, 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, having considered the feedback received from the stakeholders to the Exposure draft dated March 23, 2016 on the subject, issues the following '**Guidelines on Point of Sales – Life Insurance Products**' by exercising the powers vested with the Authority under Sections 14 (1), 14(2) (c) & 14 (2) (e) of IRDA Act -1999.

Scope and Applicability of these Guidelines:

These Guidelines shall be applicable to the products offered by Life Insurers proposed to be sold through "**Point of Sales Persons**".

1. **Definition:** "Point of Sales (POS) 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.
2. **Categories of POS Products:**
 - (i) The Category / Nature of Products offered under POS - Life Insurance shall be as given hereunder:
 - a. Pure Term Insurance Product with or without return of premium
 - b. Non-linked Non-Participating Endowment Product (Money back feature also allowed)
 - c. Immediate Annuity Product
 - d. Any other product / product category, if permitted by the Authority
 - (ii) The product names should be prefixed with the words "POS" (POS-Product Name)
3. The parameters of the aforesaid categories of products mentioned in point No. 1 above shall be as shown in **Annexure –I**.
4. The condition/eligibility/parameters mentioned in the **Annexure –I** for different categories of POS Products are given as lower/upper limits within which the Insurer has the flexibility to design the product.

5. 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
6. Life Insurers shall offer these products only as Non-Linked and Individual insurance products.
7. Unless explicitly exempted in these guidelines / Annexure-I, the extant Regulatory provisions shall be applicable mutatis mutandis to these products.
8. The CEO and the AA shall attach a certificate of compliance to these guidelines along with product filing.
9. Any existing Product, may be sold as POS Product, subject to modification to comply with these guidelines and approval of the Authority.
10. **'Key Features Document (KFD)–cum -- Proposal Form'** Format :
 - (i) 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.
 - (ii) **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.
11. Every **"Key Features Document cum Proposal form"** should contain unique reference number on both parts.
12. The TAT for issuance of policy / acceptance of Risk and communication of Acceptance or otherwise message to the customer of such policy would not be ~~more than~~ two working days (excluding holidays) from the date of collection of proposal at the point of sale.
13. If the Proposal is not accepted for any reason whatsoever, the refund of payment be done to the Proposer / Life Assured within 7 days from the date of decision.
14. The insurers shall submit the returns on half-yearly basis as prescribed in the **Annexure-II.**



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ANNEXURE - I

(a) Pure Term Insurance product with or without Return of Premium

Product Features/Parameters/Eligibility:

Minimum Age at entry	18 Yrs.
Maximum Age at Maturity :	65 Yrs.
Policy Term	Min – 5 years, Max - As proposed in F&U Application
Sum Assured on Death :	Minimum – As proposed in F&U Maximum – 25 Lakh (excluding ADB Rider) (Sum Assured would be in the multiple of Rs 50000 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 a 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)	100% of Premium paid
b. After expiry of waiting period	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 Authority as applicable to individual agents.
Max Sum Assured limit on a single life	Rs. 25 Lakh (excluding ADB) at Insurer level (per Insurer)
Other Features/Conditions	As per extant Regulatory provisions

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

Product Features/Parameters/Eligibility:

Maximum Age at Maturity:	65 Yrs.
Policy Term	Min – 5 years, Max -20 years
Sum Assured on Death:	Maximum – 10 Lakh (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)	- 100% of premium paid
ii. After expiry of waiting period	- 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
Surrender Value	As per extant Regulatory Provisions
Waiting Period (Other than Accidental death only)	Allowed up to a maximum period of first 90 days from the date of acceptance of risk
Accidental Death Benefit Loan facility, if any	Only inbuilt ADB allowed Allowed

Commission	<p>For the POSPs engaged by Intermediaries no commission is payable by the Insurer.</p> <p>For the POSPs engaged directly by the Insurer, as proposed in the product F&U and approved by Authority as applicable to individual agents.</p>
Underwriting Conditions	Only Non-Medical underwriting
Maximum Sum Assured Limit on a Single Life	Rs. 10 Lakh (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	Min - 40 years Max - 70 years
Mode of Premium	Single Premium only
Maximum Premium	No Limit
Minimum Annuity	As per extant Regulatory provisions
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 Authority as applicable to individual agents.
Other Features	As per extant Regulatory provisions

Annexure- II

Half Yearly Return in respect of POS Life Products Business

Due date of the Return: 15th November (for April- September) and
15th May (for October - March) every year.

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

Name of the Product:

Distribution Channel**:

Details of the Business	State 1 ***	State 2 so on
Total No of Policies Issued		
Total Premium Collected		
Total Commission Paid		
Total Service Charges Paid		
Total No of Policies Discontinued (Non- single) after the grace period		
Total No of Policies Revived during the period		
Total No of Policies Surrendered		
Total No and Amount of Claims Intimated		
Total No and Amount of Claims Settled		
Total No and Amount of Claims Outstanding		
Total No and Amount of Claims Rejected		
Total No of In-force Policies at the end of the Half-yearly Period		
Total No of the 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

*** The details shall be given for each State separately.

Signature of the AA
Date:

Signature of the CEO