



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

Title:Partnership Insurance Policies

Reference No.:036/IRDA/LIFE/JAN-06

Date:30/01/2006

To,

All Life Insurers,

Attention is invited to IRDA circular No. IRDA/Life/006/2005-2006 dated 27 April 2005 on the subject of Keyman insurance. It has been reported that some insurers are disregarding the spirit behind that circular and are selling Partnership insurances through endowment or unit-linked plans.

Insurers should not lose sight of the basic principle that a person purchasing life insurance can only do so to the extent of his insurable interest in the life assured. An employer buying keyman insurance purportedly for his own benefit cannot prove insurable interest beyond a certain cover protecting against death of the key employee and similar is the position of a partner buying insurance on the life of another partner or the partnership firm buying insurance on the lives of its partners.

Accordingly, all insurers are advised strictly to ensure that where the premium for the insurance on the life of an employee is paid by the employer or where the premium on the life of a partner is paid by another partner or by the partnership firm, the scope of cover is not wider than term assurance.

It is hoped that insurers will abide by these instructions in letter and in spirit. Any products designed to circumvent this circular will be considered as a deviation from good business practice besides being considered as a violation of these instructions.

Please acknowledge the receipt of this circular.

(C. S. Rao)
Chairman