



**GUIDELINES ON ISSUANCE OF PREMIUM ACKNOWLEDGEMENTS**

Ref: IRDA/Life/Misc/Cir/106/05/2015

17<sup>th</sup> May, 2015

To  
All Insurers,

**Acknowledgements on Collection of Premiums and Procedures for Refund of  
Premiums received / Deposits remitted for Insurance**

Reference is invited to the provisions of Section 64 VB of Insurance Act, 1938 where collection of premium on a policy of insurance by an Insurance Agent on behalf of Insurer is envisaged. Reference is also invited to Regulation (5) (3) (c) of IRDAI (Micro Insurance) Regulations, 2015, as per which a Micro Insurance Agent has to be specifically authorized by the Insurer to enable performing the function of 'collection and remittance of premium' under Micro Insurance Policies. Regulation (5) (3) (c) (i) of Micro Insurance Regulations, 2015 also prescribes 'where the micro insurance agents are authorized to collect and remit the premiums, they shall be mandated by the Insurers for issuing acknowledgements on collection of premiums and every Insurer shall put in place procedures to enable Micro Insurance Agents issue such acknowledgements'.

2. In order to protect the interests of all classes of policyholders who remit the premiums to the authorised insurance agents and registered insurance intermediaries, it is desirable to have in place a system of delivery of an immediate premium acknowledgement to the policyholders and therefore the following guidelines are issued.

3. Where the Insurers authorise their insurance agents and registered insurance intermediaries to collect the premiums:

- (i) Every Insurer shall mandate such authorized insurance agents or registered insurance intermediaries to issue acknowledgements immediately on collection of premiums and the Insurer shall put in place procedures with due control mechanisms to enable insurance agents and registered insurance intermediaries, as the case may be, for issue of the acknowledgements at the point of collection.

- (a) Insurers are advised to incorporate the necessary disclosures, caveats or disclaimers in the acknowledgements for various scenarios like commencement or continuation of risk, collections by cheques and time sensitive products such as ULIPs.
- (ii) Insurers are accountable to the premium acknowledgements issued by such authorized insurance agents or registered insurance intermediaries as the case may be. The Insurers are advised to put in place procedures to periodically reconcile the premiums collected by authorized insurance agents or registered insurance intermediaries vis-à-vis the remittances received from them at the offices of insurers.
- (iii) Insurers shall also put in place procedures for remittance of premiums thus collected, within twenty four hours as per the provisions of Section 64 VB (4) of the Insurance Act, 1938. Insurers are also advised to monitor that the insurance agents and insurance intermediaries who are authorized to collect the premiums comply with the provisions of Section 64 VB (4) of the Act.
- (iv) Even though the premium or other amounts have been collected by the Insurer through alternate channels of premium collection or through the Insurance Agents or Insurance Intermediaries, wherever there are instances that arise for refund of premium or any other amounts due to the respective policyholders or prospects, the Insurer shall refund such amounts directly to the policyholders or prospects.

4. These Guidelines are issued by the Authority under the powers vested in Section 14 (2) of IRDA Act, 1999 and will come into force with effect from 01<sup>st</sup> October, 2015.



**(T. S. VIJAYAN)**  
**CHAIRMAN**