

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

NOTIFICATION

New Delhi, the 16th October, 2002

Insurance Regulatory and Development Authority (Obligations of Insurers to Rural Social Sectors) Regulations, 2002

F. No. IRDA/Reg./10/2002.—In exercise of the powers conferred by Section 32C read with Section 32B of the Insurance Act, 1938 (4 of 1938), the Authority, in consultation with the Insurance Advisory Committee, hereby makes the following regulations to substitute the Insurance Regulatory and Development Authority (Obligations of Insurers to Rural Social Sectors) Regulations, 2000, namely :—

1. Short title and commencement. ---- (1) These regulations may be called the Insurance Regulatory and Development Authority (Obligations of Insurers to Rural or Social Sectors) Regulations, 2002.

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

2. 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 established under the provisions of section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999);
- (c) "Rural sector" shall mean any place as per the latest census which meets the following criteria--
- (i) a population of less than five thousand;
 - (ii) a density of population of less than four hundred per square kilometer; and
 - (iii) more than *twenty five* per cent of the male working population is engaged in agricultural pursuits.

Explanation :-

The categories of workers falling under agricultural pursuits are as under:

- (i) *Cultivators;*
 - (ii) *Agricultural labourers*
 - (iii) *Workers in livestock, forestry, fishing, hunting and plantations, orchards and allied activities.*
- (d) "Social sector" includes unorganised sector, informal sector, economically vulnerable or backward classes and other categories of persons, both in rural and urban areas;
- (e) "Unorganised sector" includes self-employed workers such as agricultural labourers, bidi workers, brick kiln workers, carpenters, cobblers, construction workers, fishermen, hamals, handicraft artisans, handloom and khadi workers, lady tailors, leather and tannery workers, papad makers, powerloom workers, physically handicapped self-employed persons, primary milk producers, rickshaw pullers, safai karmacharis, salt growers, seri culture workers, sugarcane cutters, tendu leaf collectors, toddy tappers, vegetable vendors, washerwomen, working women in hills, or such other categories of persons.,
- (f) "economically vulnerable or backward classes" means persons who live below the poverty line;
- (g) "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;
- (h) "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;

(ii) All words and expressions used herein and not defined herein but defined in the Insurance Act, 1938 (4 of 1938), or in the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), shall have the meanings respectively assigned to them in those Acts.

3. Obligations.--- Every insurer, who begins to carry on insurance business after the commencement of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), shall, for the purposes of sections 32B and 32C of the Act, ensure that he undertakes the following obligations, during the first five financial years, pertaining to the persons in---

(a) **rural sector,**

(i) in respect of *a life insurer*, --

- (I) *seven* per cent in the first financial year;
- (II) *nine* per cent in the second financial year;
- (III) *Twelve* per cent in the third financial year;
- (IV) *Fourteen* per cent in the fourth financial year;
- (V) *Sixteen* per cent in the fifth year;

of total policies written direct in that year;

(ii) in respect of *a general insurer*,--

- (i) two per cent in the first financial year;
- (II) three per cent in the second financial year;
- (III) five per cent there after,

of total gross premium income written direct in that year.

(b) **social sector,** in respect of all insurers, --

- (I) five thousand lives in the first financial year;
- (II) seven thousand five hundred lives in the second financial year;
- (III) ten thousand lives in the third financial year;
- (IV) fifteen thousand lives in the fourth financial year;
- (V) twenty thousand lives in the fifth year;

Provided that in the first financial year, where the period of operation is less than twelve months, proportionate percentage or number of lives, as the case may be, shall be undertaken.

Provided further that, in case of a general insurer, the obligations specified shall include insurance for crops.

Provided further that the Authority may normally, once in every five years, prescribe or revise the obligations as specified in this Regulation.

4. Obligations of existing insurers.--- (1) The obligations of existing insurers as on the date of commencement of IRDA Act shall be decided by the Authority after consultation with them and the quantum of insurance business to be done shall not be less than what has been recorded by them for the accounting year ended 31st March, 2002.

(2) The Authority shall review such quantum of insurance business periodically and give directions to the insurers for achieving the specified targets.

N. RANGACHARY, Chairman

[ADVT III/IV/161/2002/F ty.]