

**Clarification on Guidelines on Group Insurance Policies**

Reference is invited to Clause C (4) of IRDA's Guidelines on Group Insurance Policies issued vide circular 015/IRDA/Life/Circular/GI Guidelines/2005 dated 14<sup>th</sup> July, 2005 wherein insurers are prohibited to make any other payments, whether as management expenses or documentation expenses or profit commission or bulk discount or payment of any other description to the agent or corporate agent or group organiser or group manager. Keeping in view the objective of ensuring the lower ultimate costs of insurance to the insured members of the group insurance, the following part of the within referred Clause C (4) of the Guidelines stands omitted.

*“If the Group Manager wishes to collect a service charge from the members to cover his costs, he should clearly disclose it as an additional cost and not as premium, in his communication to his members”.*

Further, any organisation / entity in its capacity as Group Organiser / Group Manager, with whatsoever nomenclature may be, is prohibited from collecting any amount other than the insurance premium payable to the Insurers with regard to the underlying Group Insurance.

The above clarification is issued under Section 14 (2) (e) of Insurance Regulatory and Development Authority Act, 1999.

This circular would come into effect from 01<sup>st</sup> April, 2011.

**(A Giridhar)**  
**Executive Director**