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

Ref: IRDAI/Life/CIR/Misc/41/2/2024

Date: 16th February, 2024

To

All Life, General and Standalone Health Insurers

Sub: Modifications to the Master Circular: Unclaimed Amounts of Policyholders dated 17th November 2020

Increase in the unclaimed amounts with the insurers has been a regulatory concern. Basis discussion with the insurers it is to understand that one of the reasons for increase in the unclaimed amounts are cases where the consumers are traceable but insurers are not in a position to pay the claim for various reasons, including:

- due to any litigation under an insurance policy;
- due to rival claims or open title
- due to freezing/blocking of insurance policies by any government agency
- where benefits payable during the policy with respect to the insurance policies which are in-force either by reduced paid up or by full paid up policies on due date, but shifted to unclaimed due to six-month window for payments;
- consumers have not claimed annuity options and maturity proceeds from pension and insurance products;
- consumers out of country and hence taking time to settle the proceeds;

The Insurers are advised to enhance their efforts in tracing the rightful recipient of unpaid amounts and ensure efficient disbursement of the same. The following modifications are being made to the Master circular no. IRDA/F&A/CIR/Misc/202/11/2020 dated 17th November 2020 (Master Circular):

I) Modifications:

- Clause 2(1)(c) of the Master Circular stands modified as under:

"Due date" shall mean the date on which any amount or claim is due for payment as per the terms and conditions of insurance policy and/or the extant regulatory framework;

- Clause 2(1)(f) of the Master Circular stands amended to the extent stated as under:

"Unclaimed Amounts" shall include any amount held by an insurer, but payable to consumers, including income accrued thereon, on account of their non-contactability through any means and remaining unpaid beyond twelve months from the due date of such amount.

Provided, irrespective of the status of the contactability, the following pending amounts shall be held under separate sub-heading "Litigation and others" under unclaimed amounts till such time the payments are made:

- a. due to any litigation under an insurance policy;
- b. due to rival claims or open title;
- c. due to freezing/blocking of insurance policies by any government agency;

Provided further that the amounts payable under the following shall not be considered as unclaimed amounts:

- a. Annuity policies; and all in-force insurance policies including reduced paid up and fully paid up on due date;
- b. in respect of claims initiated by consumer;

Explanation: 1 and 2: No change.

Explanation 3: A consumer shall be termed non-contactable when such consumer has not responded to any of the insurer's communications.

Explanation 4: All amounts, where the consumer is not traceable, shall continue to be part of the unclaimed amounts.

- 3) After Clause 2(1)(f), following new clause is added:

Clause 2(1)(g): '**Consumer**' for the purpose of this circular shall mean proposer, policyholder, life assured, nominee, beneficiary or any other person who has financial interest in the policy as per the terms and conditions of the insurance policy.

Insurers shall make all possible efforts for payment of these dues at the earliest and may adopt the measures as suggested in Annexure-1 to this circular and submit statements as per Annexure-II by 15th of every month.

The modifications will come into effect from the date of this circular.

Sd/-
J. Meenakumari
Executive Director (Life)

Annexure - I

Insurers shall adopt following measures for reduction of existing unclaimed amounts and to contain future accumulation of unclaimed amounts:

- i) Prompt existing policyholders at the time of payment of renewal premium (online/offline) to update their mobile number, email address, current address, bank account details, nominee details etc, by flashing existing details and send intimations accordingly.
- ii) Make accountable the respective agents, intermediaries, group master policyholders and other distribution channels involved in the solicitation for tracing of consumers and update the contact details, bank account details etc.
- iii) Undertake ongoing KYC for existing policies, Re-KYC of minors on immediately attaining majority.
- iv) Put in place fool-proof systems to automatically validate mobile numbers and email addresses of existing and new consumers to ensure that these details are not of their distribution channels.
- v) Engage with Credit Bureaus, Account Aggregators, CSC/POS, e-commerce portals for tracing consumers.
- vi) Advertise in Print/Digital media to reach out to consumers who are not traceable.
- vii) In all communications (except in respect of termination/exit of contracts) sent to consumer, include a foot-note advising consumer to update contact details, nominee details and bank account details in case of any change.
- viii) To make provisions in the insurer's website/portal/App to enable policyholders to update their contacts including Email-ids, bank details and nominee details at any point of time with secure login.
- ix) Send advance notifications in respect of maturity claims and survival benefits at least 6 months in advance, through all possible modes, and advise them to provide KYC/Bank details; follow-up notifications may be sent every 2 months thereafter to customers who have not responded.
- x) develop online tool for processing and payment of unclaimed amounts once the consumers identify the amounts due to them in the websites of insurers
- xi) put in place appropriate systems and controls to address fraudulent claims and practices.

Annexure: II

I. Monthly Statement of Unclaimed amounts (excluding “Litigation and others”)

(Rs.in crores)

S No	Opening balance	Additions to unclaimed	Payments from unclaimed to consumers	Transfers to SCWF	Closing balance

II. Monthly Statement of Unclaimed amounts under “Litigation and others”

(Rs.in crores)

S No	Opening balance	Additions to unclaimed	Payments from unclaimed to consumers	Closing balance

Note: Opening balance of a month shall match with the closing balance of the previous month.