

IRDAI/ NL/ CIR/ RSS/ 77/5/2024

10<sup>th</sup> May, 2024

**Master Circular on Rural, Social Sector and Motor Third Party Obligations**

**CHAPTER – I**

**Preliminary**

**1. Short title and commencement:**

- a) This master circular is issued under Section 34 of the Insurance Act, 1938, Section 14 of the IRDA Act, 1999 and Regulation 9 of the Insurance Regulatory and Development Authority of India (Rural, Social Sector and Motor Third Party Obligations) Regulations, 2024. This master circular shall be known as Master Circular on Rural, Social Sector and Motor Third Party Obligations.
- b) The master circular is applicable to all life, general and stand-alone health insurers.

**2. Definitions for the purpose of this Master Circular**

- (a) “Regulations” means Insurance Regulatory and Development Authority of India (Rural, Social Sector and Motor Third Party Obligations) Regulations, 2024;
- (b) “General Insurer – 1” means General Insurers other than Stand Alone Health Insurers (SAHI), Agriculture Insurance Company (AIC) & Export Credit Guarantee Corporation of India (ECGC).
- (c) “General Insurer – 2” means General Insurers including Stand Alone Health Insurers other than AIC & ECGC.

**CHAPTER – II**

**Methodology of arriving at the obligations with respect to Rural Sector**

**3. What to Measure**

**a. Life Insurance – For Life Insurers**

- i. All life insurers shall insure minimum percentage of lives in accordance with Regulation 4 (A)(a), 5 and 7 of the IRDAI (Rural, Social Sector and Motor Third Party Obligations) Regulations, 2024. The insurers may note that the obligations are the minimum and

they should strive to achieve complete saturation of the Gram Panchayats, they choose to cover.

- ii. The Life Insurance Council shall, in consultation with Ministry of Panchayati Raj, Government of India, identify the gram panchayats for fulfilling the rural sector obligations. Upon identification of Gram Panchayats, the Life Insurance Council shall indicate the minimum number of Gram Panchayats to each life insurer based on mutually agreed parameters such as market share or any other parameter. The Council shall share the said information to all the life insurers by 10<sup>th</sup> of May every year. While doing so, the Life Insurance Council shall ensure adequate coverage of gram panchayats in all States and UTs to spread the coverage pan India in such a manner that no State/UT is left unrepresented.
- iii. Once the number of gram panchayats to be covered by each insurer is determined, the insurers shall identify the gram panchayats in a State/s of their choice for fulfilment of the obligations and share the names of Gram Panchayats with other life insurers and Life Insurance Council. In turn, Life Insurance Council shall ensure that the gram panchayat selected by one insurer is not selected by any other insurer.
- iv. Upon finalisation of the list of Gram Panchayats for each insurer, the Life Insurance Council shall share the list with IRDAI by 15<sup>th</sup> of May every year.

#### **b. General Insurance – For General Insurer - 1**

- i. All General Insurer - 1 shall insure minimum percentage of a) dwellings and shops, under fire insurance; and b) vehicles under motor insurance in accordance with Regulation 4 (A)(b), 5 and 7 of the IRDAI (Rural, Social Sector and Motor Third Party Obligations) Regulations, 2024. The insurers may note that the obligations are the minimum and they should strive to achieve complete saturation of the Gram Panchayats, they choose to cover.
- ii. The General Insurance Council shall indicate the minimum number of gram panchayats to each general insurer - 1 based on mutually agreed parameters such as market share or any other parameter and share the information to all the general insurer - 1 by 10<sup>th</sup> of May every year. While doing so, the General Insurance Council shall ensure adequate coverage of gram panchayats in all States and UTs to spread the coverage pan India in such a manner that no State/UT is left unrepresented.
- iii. Once the number of gram panchayats to be covered by each general insurer - 1 is determined, the insurers shall identify the gram panchayats in a State/s of their choice for fulfilment of the obligations and share the names of Gram Panchayats with other general insurer - 1 and General Insurance Council. In turn, General Insurance Council shall ensure that the gram panchayat selected by one general insurer - 1 is not selected by any other general insurer - 1.
- iv. Upon finalisation of the list of Gram Panchayats, the General Insurance Council shall share the list with IRDAI by 15<sup>th</sup> of May every year.

#### **c. Health Insurance – For General Insurer - 2**

- i. All General Insurer - 2 shall insure a minimum percentage of lives under a) health insurance; and b) personal accident insurance in accordance with Regulation 4 (A)(c), 5 and 7 of the IRDAI (Rural, Social Sector and Motor Third Party Obligations) Regulations, 2024. The insurers may note that the obligations are the minimum and

- they should strive to achieve complete saturation of the Gram Panchayats, they choose to cover.
- ii. The General Insurance Council shall, in consultation with Ministry of Panchayati Raj, Government of India, identify the gram panchayats for fulfilling the rural sector obligations. Upon identification of Gram Panchayats, the General Insurance Council shall indicate the minimum number of Gram Panchayats to each General Insurer - 2 based on mutually agreed parameters such as market share or any other parameter. The Council shall share the said information to all the General Insurer - 2 by 10<sup>th</sup> of May every year. While doing so, the General Insurance Council shall ensure adequate coverage of gram panchayats in all States and UTs to spread the coverage pan India in such a manner that no State/UT is left unrepresented.
  - iii. Once the number of gram panchayats to be covered by each general insurer - 2 is determined, the insurers shall identify the gram panchayats in a State/s of their choice for fulfilment of the obligations and share the names of Gram Panchayats with other general insurer - 2 and General Insurance Council. In turn, General Insurance Council shall ensure that the gram panchayat selected by one general insurer - 2 is not selected by any other general insurer - 2.
  - iv. Upon finalisation of the list of Gram Panchayats, the General Insurance Council shall share the list with IRDAI by 15<sup>th</sup> of May every year.

#### **4. How to Measure**

##### **a. Life Insurance – For Life Insurers**

- i. The life insurers shall coordinate to obtain the number of lives and other details pertaining to each gram panchayat from the web portal of the Ministry of Panchayati Raj, Government of India. The Life Insurance Council along with General Insurance Council may coordinate with Ministry of Panchayati Raj, Government of India on behalf of life insurers for obtaining the data pertaining to number of lives.

##### **b. General Insurance – For General Insurer - 1**

- i. The number of dwellings & shops and motor vehicles in a gram panchayat may be obtained from the Gram Sachiv of the Gram Panchayat. The General Insurance Council may coordinate with local bodies and State Government Administration for obtaining the required data.

##### **c. Health Insurance – General Insurer - 2**

- i. General Insurer - 2 shall obtain the number of lives and other details pertaining to each gram panchayat from the web portal of the Ministry of Panchayati Raj, Government of India. Refer clause 5(a)(i) above for obtaining the data.

##### **d. Common – Life Insurers, General Insurer - 1 and General Insurer - 2**

- i. The insurers in consultation with other insurers shall put in place a mechanism to identify, record, coordinate and exchange information of the number of lives to be covered in the gram panchayat and replicate across all Gram Panchayats in the State.
- ii. To achieve the goal of full saturation of the Gram Panchayat, the insurers shall work in close coordination with the Gram Sarpanch and Gram Sachiv



## 5. When to Measure

### a. Common – Life Insurers, General Insurer - 1 and General Insurer - 2

- i. The Councils after coordinating and exchanging information shall ascertain the number of lives insured by all life insurers and general insurer - 2, and number of dwelling & shops and motor vehicles in case of all General Insurer – 1 from each insurer, separately for each gram panchayat. The Life Insurance Council shall submit the number of lives insured by all life insurers and the General Insurance Council shall submit the number of the lives covered by all General Insurer – 2 and the number of dwelling & shops and motor vehicles covered by all General Insurer – 1 on quarterly basis, insurer-wise, separately for each gram panchayat, within 30 days of end of the quarter to IRDAI. They shall also report what is the total population of the gram panchayat and how many lives, dwellings & shops and motor vehicles are covered in the quarter. This information shall be submitted to IRDAI separately for each insurer and for all the Gram panchayats allotted to them.
- ii. Any shortfall in the number of lives/ dwellings & shops/ motor vehicles, as the case may be, to be covered by each insurer in allocated Gram Panchayats, cumulatively, shall be seen as non-fulfilment of the obligations by the insurer.

## 6. How to check Compliance

### a. Common – Life Insurers, Health Insurers, General Insurer 1 and General Insurer 2

- i. For the purpose of these circular, the Councils shall devise a common format of certificate to take a confirmation from the Gram Sachiv of the Gram Panchayat certifying the details of the lives/ dwellings & shops and motor vehicles insured by the insurers in the Gram Panchayat on a quarterly basis. In case the position of Gram Sachiv is vacant in any particular Gram Panchayat, the insurers may obtain such certificate from a person authorised to act as Gram Sachiv for the said Gram Panchayat. The certification shall form the basis of reporting of the numbers of lives covered on a quarterly basis.
- ii. The certificate from the Gram Sachive shall be the proof of lives/ dwellings & shops and motor vehicles insured in the Gram Panchayat and the same shall be stored in electronic format and made available for verification by IRDAI.

## CHAPTER – III

### Methodology for arriving at the obligations with respect to Social Sector

## 7. For Life and General Insurer - 2

- a. **What to measure** - Every insurer shall insure a minimum number of lives as a proportion of total lives in accordance with Regulation 4(B), 5 and 7 of the IRDAI (Rural, Social Sector and Motor Third Party Obligations) Regulations, 2024.



**b. How to measure**

- i. The Life Insurance Council and General Insurance Council may coordinate with Government agencies to collate data for social sector population and share with life and general insurers. They may also approach the appropriate Authorities to access the list of beneficiaries of various central and/ or state sponsored schemes through the schemes website given in Regulation 5 (b) and (c) of the Regulations.
- ii. In case no government backed identity card is available with the prospect, as a proof of identify for social sector, the insurer may obtain a self-certification from the prospect of his/her profession supported by an appropriate proof such as photographs etc. However, such cases of self-certification shall not exceed 20% of their total social sector obligations.

c. **When to measure** - At the end of the quarter, every insurer shall ascertain the number of lives covered under the definition of "social sector" as a proportion of the total lives covered and report the same within 30 days of end of the quarter to IRDAI.

d. **How to check compliance** - The insurer shall make arrangements to record classification of lives as per the definition of "Social Sector". It shall also record the source / database from where the lives classified as "Social Sector" has been taken.

## CHAPTER – IV

### Methodology for arriving at the obligations with respect to Motor Third Party

#### 8. For General Insurer – 1

**a. What to measure**

- i. Every general insurer -1 shall insure a minimum percentage increase in number of goods carrying, passenger carrying vehicles and tractors in accordance with Regulation 6 and 7 of the Regulations.

**b. How to measure**

- i. The general insurer - 1 shall engage with the Insurance Information Bureau (IIB) and State RTAs to identify uninsured goods carrying, passenger carrying vehicles and tractors in the country.
- ii. The general insurer – 1 in consultation with IIB shall prepare a list of uninsured goods carrying, passenger carrying vehicles and tractors which shall carry the category of vehicle, its registration number, the name of the owner and the State RTA where it is registered.
- iii. The General Insurance Council may coordinate with IIB and State RTAs for obtaining the required data.



**c. When to measure –**

- i. Every general insurer - 1 shall submit to IRDAI on quarterly basis within 30 days of end of the quarter,
  - a. the number of uninsured goods carrying, passenger carrying vehicles and tractors insured by it and,
  - b. number of goods carrying, passenger carrying vehicles and tractors already on its books and/ or on the books of other insurers and renewed by it to arrive at the obligations for motor third party insurance, insurer-wise.

**d. How to check compliance –**

For the purposes of checking compliance, the data given in 8(c) (i) above will be cross-verified against the IIB database of uninsured vehicles.

**CHAPTER – VI**

**Miscellaneous**

- 9. Reporting requirements** –The applicant shall submit to the Authority returns as per Master Circular on submission of returns.

**CHAPTER-VII**

**Repeal and Savings**

- 10.** This Master Circular supersedes the following Guidelines/Circulars

S. No	Circular/Guideline Reference Number	Description
1.	IRDAI/Life/MISC/Cir/046/03/2021	Clarification with regard to ASHA workers and MGNREGA workers
2.	IRDAI/Life/MISC/CIR/130/06/2016	Format for submission of Annual Certificates for obligation of Insurers to Rural and Social Sectors

  
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