

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:998  
ANSWERED ON:30.07.2010  
CHARGES ON SURRENDER OF ULIP  
Panda Shri Prabodh

**Will the Minister of FINANCE be pleased to state:**

- (a) whether Insurance Regulatory Development Authority (IRDA) has proposed to do away with wide variety of charges imposed by the insurers for surrendering of policies under the ULIP;
- (b) if so, the details thereof;
- (c) the details of the charges imposed by various insurers on surrendering the ULIP Policies;
- (d) whether the IRDA has suggested for a uniform charge for all the insurers in case of surrender;
- (e) if so, the details thereof; and
- (f) the Government's reaction thereto?

**Answer**

Minister of State in the Ministry of Finance (Shri Namoo Narain Meena)

(a) to (f): To protect the interests of the policyholders and to rationalise the surrender charge structure, Insurance Regulatory and Development Authority (IRDA) have issued Insurance Regulatory and Development Authority (Treatment of Discontinued Linked Insurance Policies) Regulations, 2010 on 01-07-2010 which, inter-alia, prescribe that no surrender charge will be levied after five years on linked insurance policies. However, discontinuance of a policy for non-payment of premium may attract a charge as follows:

Discontinued Maximum charge for Annualized premium Maximum charge for Annualized premium  
during the upto Rs. 25,000/- above Rs. 25,000/-  
policy year

1st Year Lower of 20% (AP or FV) subject to Lower of 6% (AP or FV) subject to  
a maximum of Rs. 3000/- a maximum of Rs. 6000/-

2nd Year Lower of 15% (AP or FV) subject to Lower of 4% (AP or FV) subject to  
a maximum of Rs. 2000/- a maximum of Rs. 5000/-

3rd Year Lower of 10% (AP or FV) subject to Lower of 3% (AP or FV) subject to a  
a maximum of Rs. 1500/- maximum of Rs. 4000/-

4th Year Lower of 5% (AP or FV) subject to Lower of 2% (AP or FV) subject to  
a maximum of Rs. 1000/- a maximum of Rs. 2000/-

5 Year and Nil Nil  
onwards

(a): AP-Annualised Premium,  
(b): FV-Fund Value on the date of discontinuance