

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1104  
ANSWERED ON:30.07.2010  
RETURN ON PENSION PRODUCTS  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Insurance Regulatory and Development Authority (IRDA) has issued new guidelines mandating a guaranteed 4.5% return on pension products leaving insurers and customers unhappy;
- (b) if so, the details thereof and reasons therefor alongwith its pros and cons to the insurers and customers; and
- (c) the steps taken/being taken by the Government in this regard?

**Answer**

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

(a) to (c): In order to meet the emerging needs of prospective insurance policyholders as also to protect their interests, the Insurance Regulatory and Development Authority (IRDA) have issued guidelines dated 28.06.2010 to all Life Insurance Companies which, among other, provide that all Unit Linked Insurance Plan (ULIP) pension/annuity products shall offer a minimum guaranteed return of 4.5 per cent per annum or as specified by IRDA from time to time. This guaranteed return is applicable on the maturity date for policies where all due premiums are paid.

IRDA has reported that the insurers will not find any difficulty in such assured returns in view of the investment opportunities available to them in the market. Further, the guidelines provide that IRDA may review the rate of guaranteed returns from time to time.