

**All Zonal Managers, Officer In-charge of Divisions,
MDC, ZTCs, STCs, Audit Centres and Inspection Deptt.**

Re: Servicing of Orphan policies.

In pursuance to IRDA guidelines dated 13th June 2012 on 'Servicing of Orphan Policies', the Board has approved a policy regarding 'Servicing of Orphan policies' which is enclosed (Annexure-I). This policy deals with relevant definitions, guidelines for allotment of lapsed orphan policies to the agents for servicing and remuneration to the 'allottee Agent'.

The policies initially effected by an individual agent whose services were subsequently terminated or removed from the Corporation are qualified as Orphan policies for the purpose of these rules, excluding:

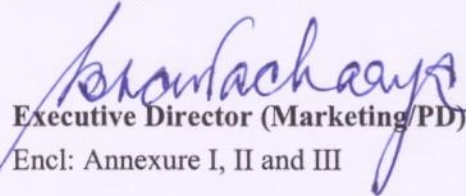
1. the policies whose effecting agent is entitled to renewal commission under Section 44 of the Insurance Act, 1938
2. the policies falling under the proviso of Rule 10(4) of LIC of India (Agents) Rules, 1972.

With an objective to fill the servicing gap due to exit of an agent, such orphan policies which are in lapsed condition, should be allotted to the agents for revival and rendering policy servicing to the policyholders. Allottee agent will be eligible for commission on the arrears of premium received on revival and also on subsequent renewal premium thereafter till the time policy stands allotted to him at the rate that original agent would have been eligible for.

The Competent Authority has also approved a detailed process for the allotment and control which is also enclosed (Annexure-II). The process stipulates the formation of an 'Allotment Committee' at Branch Office for the purpose of taking decisions regarding allotment, re-allotment, cancellation of allotment etc.

Formats of various forms required during the process of allotment, are given in Annexure-III.

Kindly bring this to the notice of all concerned and ensure the implementation of guidelines from April 2014. A statement regarding the allotment, revival etc. as per the stipulated format is to be sent periodically to the Central office CRM Department.


Executive Director (Marketing/PD)

Encl: Annexure I, II and III