

Insurance Regulatory and Development Authority (Manner of Receipt of Premium) Regulations, 2002

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In exercise of powers conferred under sub-sec. (6) of Sec. 64-VB and Sec. 114-A of the Insurance Act, 1938 (4 of 1938) and in consultation with the Insurance Advisory Committee, the Authority hereby makes the followings Regulations, namely:-

1. Short title and commencement :-

(1) These Regulations may be called the Insurance Regulatory and Development Authority (Manner of Receipt of Premium) Regulations, 2002.

(2) They shall come into force from the date of publication in the official Gazette.

2. Interpretation :-

All words and expressions used herein and not defined but defined in the Insurance Act, 1938 (4 of 1938), or in the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), or in any rules or regulations made thereunder shall have the meanings respectively assigned to them in those Acts or rules or regulations as the case may be.

3. Manner of premium payments :-

The premium to be paid by any person proposing to take an insurance policy (hereinafter referred to as the proposer) or by the policyholder to an insurer may be made in any one or more of the following manner(s), namely:

- (a) Cash;

- (b) Any recognized banking negotiable instrument such as cheques, including demand drafts, pay orders, banker's cheques drawn on any scheduled bank in India;
- (c) Postal money orders;
- (d) Credit or Debit Cards held in his name;
- (e) Bank Guarantee or Cash Deposit;
- (f) internet;
- (g) E-transfer;
- (h) Direct credits via standing instructions of proposer or the policyholder or the life insured through bank transfers; and
- (i) any other method of payment as may be approved by the Authority from time to time.

4. Commencement of Risk :-

In all cases of risks covered by the policies insured by an insurer, the attachment of risk to an insurer will be in consonance with the terms of Section 64(5B) of the Act and except in the cases where the premium has been paid in cash, in all other cases the insurer shall be on risk only after the receipt of the premium by the insurer : Provided that in the case of a policy of general insurance that where the remittance made by the proposer or the policyholder is not realised by the insurer, the policy shall be treated as void ab-initio: Provided further that in case of a policy of life insurance, the continuance of the risk or otherwise shall depend on the terms and conditions of the policy already entered into.

5. Recovery of collection charges :-

The insurer may at its option recover the collection charges of the instrument from the proposer.